



**Teachers' Retirement System of Oklahoma**  
a Component Unit of the State of Oklahoma

**Comprehensive Annual Financial Report**  
for the  
**Fiscal Year Ended June 30, 2006**

**Prepared by the Retirement System Staff**

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**in Financial Reporting**





STATE OF OKLAHOMA

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

**TO THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA:**

We are pleased to present the *Comprehensive Annual Financial Report* for the Teachers' Retirement System of Oklahoma for the year ended June 30, 2006. The Teachers' Retirement System of Oklahoma (the System or TRS) is a component unit of the state of Oklahoma.

**PROFILE OF RETIREMENT SYSTEM**

Established by legislation, the System began operation July 1, 1943, and concluded its 63rd year on June 30<sup>th</sup>. The System provides retirement allowances and other benefits to public education employees in the common schools, area career and technology centers, colleges and universities, and other local and state educational agencies of the State of Oklahoma. At the close of business on June 30, 2006, the System had 628 participating employers, 87,194 active members, 12,777 inactive members, and 41,782 retired members and beneficiaries receiving monthly benefits.

The 2006 Comprehensive Annual Financial Report (CAFR) is presented in five sections: the Introductory, Financial, Investment, Actuarial, and Statistical. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, all data in the report is accurate in all material respects and is reported in a manner designed to present fairly the plan net assets and changes in the System's plan net assets. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Readers are encouraged to review the Management's Discussion and Analysis (MD&A) in the Financial Section for an in-depth discussion of the financial statements and the cause and effects of market conditions, legislation and changes in operations that affected the financial results of the System.

**ECONOMIC CONDITIONS AND OUTLOOK**

For the year ended June 30, 2006, the System's investment portfolio generated a rate of return of 9.7%. Continued strong revenue growth at the state level and an increase in the percentage of sales and income tax revenue received by TRS resulted in a \$38.3 million increase in the state's contribution for the year ending June 30<sup>th</sup> when compared to revenues received for the preceding year. Revenue projections for the coming year, coupled with a 12.5% increase in the percentage of revenue dedicated to the System, are expected to increase state contributions by approximately \$25.7 million dollars over contributions received during fiscal year 2006.

## MAJOR INITIATIVES AND SIGNIFICANT EVENTS

A properly funded pension plan is the most important issue for the Board of Trustees. The System continues to be one of the country's five worst funded state-operated pension plans. As of June 30, 2006, only 49.3% of the System's actuarial liabilities were covered by the actuarial value of assets. This is a decrease from the 49.5% funded ratio reported for June 2005. The decrease in the funded ratio is primarily due to the impact of legislation enacted during the 2006 Legislative Session, which provided a 2% benefit increase for retirees and a formula adjustment for active members who joined TRS prior to July 1, 1995.

The Board continues to stress the importance of improving the System's overall funded position. During the past year, trustees worked with the Governor, legislative leaders, and representatives from education organizations to find ways to better finance the System's obligations. Passage of Senate Bill 1376 in 2002 was a major event. It provided an increase in the state's contribution to the System beginning July 1, 2004. The percentage of sales, use and income tax revenues dedicated by the state to the Teachers' Retirement Fund increased from 3.75% to 4.00% for FY-2006 and will increase to 4.50% for FY-2007, and 5% for FY-2008 and thereafter. It is imperative that the provisions of Senate Bill 1376, and the resulting increases in state revenues, be maintained.

A strategic plan was developed during FY-2001 and implementation continued during the current year. Input from both retired and active members and local school districts has enabled the System to refine the delivery of services and improve our ability to meet the growing needs of plan participants. Progress continues on major technology improvements in the System's information system, optical imaging system and telephone response center.

By statutes, TRS receives 5% of the annual proceeds from the Education Lottery. TRS received \$3.1 million in lottery revenue for the 2006 fiscal year and is expected to receive \$5.9 million during FY-2007. Senate Bill 852, enacted in 2005, provides that the \$100-\$105 per month paid by TRS and other state-run retirement plans toward each retiree's health insurance premium is designated first to pay the retiree's prescription drug cost. This will help the state insurance board meet certain requirements of the Medicare Prescription Drug Act and qualifies the insurance program for reimbursements from Medicare. Hopefully, this will result in lower health insurance premiums for retired members on Medicare.

## FINANCIAL INFORMATION

A system of internal controls safeguards the System's assets and promotes its efficient operation. TRS is audited annually by the State Auditor and Inspector, who contracts with an accounting firm that conducts the audit. The System also has its own internal audit program with an Internal Auditor who reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees. The System operates according to an administrative budget approved annually by the Board of Trustees. Although revenue is not appropriated from the state's General Revenue Fund, the administrative budget is submitted to the Legislature as part of the Governor's recommended budget. TRS operates under the same budgetary controls applied to all state agencies. The System's administrative expenses are processed in accordance with state statutes and regulations of the Office of State Finance and Department of Central Services.

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The 2005 and 2006 financial statements in this report have been prepared in compliance with the requirements of Government Accounting Standards Board Statement No. 34.

## REVENUE AND FUNDING

The major sources of revenue for TRS are member contributions, employer contributions from local schools, dedicated revenues from the state of Oklahoma, and investment income. Revenues are recognized when earned, and expenses are recognized when incurred.

Active member contributions for fiscal year 2006 were \$249.0 million, which represented 7% of covered payroll. This compares to \$235.0 million for the year ending June 30, 2005. Member contributions also include direct payments by members to re-establish credit for previously withdrawn service and to purchase credit for Oklahoma, out-of-state and military service. Salaries for active members totaled \$3.355 billion.

Contributions from local employers, the state of Oklahoma, and federal sources for fiscal year 2006 totaled \$459.5 million, compared to \$405.8 million for 2005. Contributions from local school districts and federal revenues increased \$15.4 million and the state's contribution increased \$38.3 million. Local schools contributed 7.05% of employees' pay and TRS received 4.00% (an increase from 3.75% in fiscal year 2005) of sales, use and income taxes collected by the state of Oklahoma. Combined state and local employer contributions did not meet the 30-year, level percent amortization payment reported in the annual actuarial valuation as the Annual Required Contribution (ARC) under GASB-25.

TRS members also made \$7.6 million in voluntary contributions to the TRS 403b Tax Sheltered Annuity Plan. This was an increase of \$1.2 million over contributions for fiscal year 2005. Account balances in this plan are invested using the same asset allocation and portfolio managers that are employed in the investments of the regular retirement fund.

## ACTUARIAL SUMMARY

The results of the actuarial valuation conducted by the System's actuary as of June 30, 2006, are included in the Actuarial Section. The System's relative funded position for the year ending June 30, 2006, decreased from 49.5% on June 30, 2005 to 49.3% on June 30, 2006. The System's unfunded actuarial accrued liabilities (UAAL) increased \$573.2 million, from \$7.100 billion to \$7.673 billion. The increase in UAAL was primarily due to new legislation authorizing a benefit increase for retirees and a change in the benefit formula for active members who joined TRS prior to July 1, 1995.

At the same time the funding period (the period required to amortize the UAAL) decreased from 42.6 years as of June 30, 2005 to 37.4 years on June 30, 2006. The decrease in the funding period is due mainly to state contributions exceeding annual projections.

The System's actuarial liabilities are calculated and reported based on existing statutes and Board-adopted assumptions including an investment return rate of 8.0%, a salary increase rate that averages 4.7% per year, a payroll growth rate of 3.5%, a growth in state revenue of 3.5% and an 1% annual increase in retiree benefits. An addendum to the annual actuarial report required by Title 70 O.S. § 17-106.1 is included in the Actuarial Section. This addendum is required of each state-run pension plan and measures actuarial liabilities based on uniform assumptions including a 7.5% investment return and a 2.0% annual cost-of-living assumption.

The actuarial value of assets is reported at \$7.470 billion, compared to \$6.953 billion at the close of business June 30, 2005. The actuarial value of assets is not the same as market or the fair value of assets. To arrive at actuarial value of assets, the actuary subtracts \$316.4 million held in individual member savings accounts in the System's 403(b) Tax Sheltered Annuity Program and averages investment gains and losses in excess of the 8.0% assumed investment rate of return over a five-year period. It should be noted that the System's actuarial value of assets on June 30, 2006 was \$388.5 million less than market value or the fair value of assets.

The actuary's report continues to stress that the System remains poorly funded. Since 1990, the System's funded ratio has improved from 38.6% to 49.3%, primarily due to return on investments

exceeding the 8.0% assumed actuarial rate of return in twelve of the last seventeen years.

While state contribution has exceeded annual projections for the last four years, current combined local school/state contribution rate is not large enough to cover normal cost and pay interest on the unfunded accrued actuarial liabilities. Therefore, negative amortization results. This is the reason unfunded liabilities are expected to increase each year until at least 2024. Under the present funding schedule, unfunded liabilities are expected to reach \$9.5 billion before declining.

#### **EXPENSES**

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During the year ended June 30, 2006, the System paid \$25.7 million more in retirement, survivor and insurance benefits than in the preceding year, \$4.1million more in refunds to active member who terminated accounts, and \$4.7 million more in distributions from the System's 403(b) Tax Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members. The increase in refunds, deaths benefits and annuity distributions is due to an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403b optional defined contribution plan. Administrative expenses increased by \$212,742 due primarily to an increase in personnel costs and contractual expenses.

#### **INVESTMENTS**

As previously stated, the System's investment returns were a positive 9.7% gross of management fees and 9.4% net of fees. Net investment income, including realized and unrealized gains and losses, was \$703.0 million, compared to \$692.0 million for FY 2005. Net assets totaled \$8.175 billion at market value on June 30, 2006 compared to \$7.541 billion on June 30, 2005. Included in assets is \$316.4 million held in trust for members who participate in the System's 403(b) Tax Sheltered Annuity Program.

On June 30, 2006 the System's investment portfolio mix at market value was 28.0% fixed income, 66.4% equities and 5.6% cash and short-term investments. As trustee for members' funds, the System is responsible for investment of the funds under the prudent person standard. This standard permits the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, and bank deposits collateralized by U.S. Government securities.

The System's time-weighted rate of return for the year ended June 30, 2006, was a positive 9.7% versus a 10.4% return for 2005. Annualized three-year and five-year total returns were 13.5% and 7.6%, respectively. The System's long-term goal to exceed by 3.0% the rate of inflation measured by the CPI has been achieved for the five-year period. A summary of the System's investment activities during FY 2006 and historic performance results is presented in the Investment Section. A complete listing of securities held by the Teachers' Retirement System as of June 30, 2006, can be found at the end of the Investment Section.

#### **INDEPENDENT AUDIT**

The System is audited annually by independent auditors retained for this purpose by the State Auditor and Inspector. In addition to the audit of the System's financial statements, state statutes require the auditor to perform tests of the System's compliance with certain provisions of laws and regulations. The Independent Auditors' Report is contained in the Financial Section.

#### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System

of Oklahoma for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the thirteenth year the System's *Annual Report* has received this distinction.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to GFOA program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

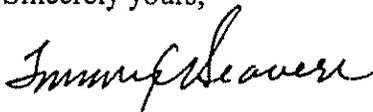
The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This report reflects the combined efforts of the TRS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

The success of any organization is directly attributable to the dedication, commitment, and proficiency of the personnel. I would like to take this opportunity to express my gratitude to the Board of Trustees, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and improvement of the financial soundness of the Teachers' Retirement System of Oklahoma.

This report is being mailed to the Governor, members of the Oklahoma Legislature, the Oklahoma State Pension Commission and to each school site of the participating employers of the Teachers' Retirement System. Copies of the report are available upon request by active and retired members of the System and other interested parties. We hope you find this report informative and helpful.

Sincerely yours,



Tommy C. Beavers  
Executive Secretary  
November 1, 2006



BRAD HENRY  
GOVERNOR

STATE OF OKLAHOMA  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

November 1, 2006

To the members of the Teachers' Retirement System of Oklahoma:

On behalf of the Board of Trustees and staff, I am pleased to present the Annual Report of the Teachers' Retirement System of Oklahoma for the year ending June 30, 2006. This summary is an important part of our commitment to provide members with information about their benefits and retirement as well as noting significant changes that occurred during the year.

Your Board of Trustees' goal is to provide members a well-funded System. The Board deals with a number of issues, chief among them the management of the System's investment portfolio to maximize financial returns. Investment income combined with employee and employer contributions provide the major funding for the System's pension benefits. Our returns for the last year were 9.7% and the returns have averaged 10.3% per year for the past 10 years. Investment returns during this 10-year period have consistently ranked in the top quartile when compared to other public pension systems in the nation. On June 30, the market value of assets was approximately \$8.2 billion.

The Teachers' Retirement System continues to be one of the worst funded state-run public employee retirement systems in the country. In the past 10 years progress has been made to improve the System's ratio of assets to actuarial liabilities, but we have a long way to go. We appreciate the support of the Governor and the Legislature and continue to work with state leaders and our friends in the education community to focus attention on this very real problem.

The Board of Trustees pledges to continue to administer the affairs of the Retirement System in the most competent and efficient manner possible. Service is our number one goal. Better communications via telephone, the *Trends* newsletter and our website ([www.ok.gov/TRS/](http://www.ok.gov/TRS/)) is an ongoing goal. The trustees and staff welcome your comments and suggestions throughout the year.

Sincerely,

A handwritten signature in cursive script that reads "Matti S. Palluconi".

Matti S. Palluconi  
Chairman, Board of Trustees  
Teachers' Retirement System of Oklahoma

Teachers' Retirement System of Oklahoma  
Board of Trustees

Matti Palluconi, Claremore  
Chairman  
Retired Member, Senate President Pro Tempore Appointee

Cathy A. Conway, Durant  
Vice-Chairman  
Active Higher Education Member, Governor Appointee

Richard A. "Dick" Neptune, Lawton  
Secretary  
Retired Member, Governor Appointee

Sherrie L. Barnes, Sand Springs  
Trustee  
Active Support Personnel Member, Governor Appointee

Bruce DeMuth, Stillwater  
Trustee  
Designee of Dr. Birkenbile, Director of Career and Technology Education

Sandy Garrett, Oklahoma City  
Trustee  
Ex-Officio Member, State Superintendent of Public Instruction

Richard Gorman, McAlester  
Trustee  
Non-Member, Governor Appointee

John G. Kirkpatrick, Stillwater  
Trustee  
Retired Member, Speaker of the House Appointee

Betty L. Minton, Anadarko  
Trustee  
Active Member, Speaker of the House of Representatives Appointee

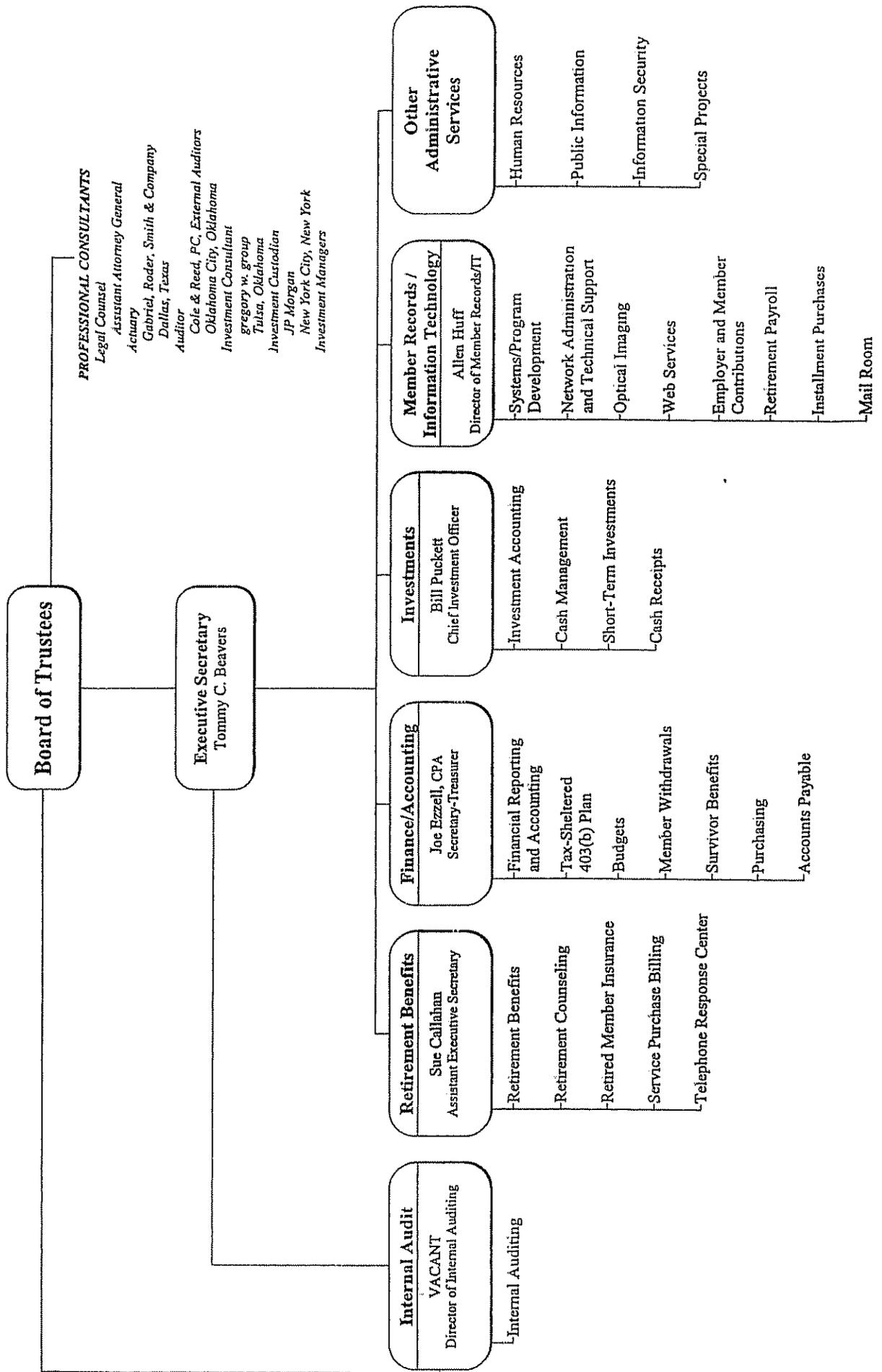
Galeard W. Roper, Elk City  
Trustee  
Active Superintendent of Elk City Public Schools, Governor Appointee

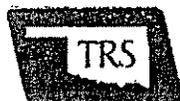
Claudia San Pedro, Oklahoma City  
Trustee  
Ex-Officio Member, Director of Oklahoma Office of State Finance

Michael L. Simpson, Stillwater  
Trustee  
Active Member, Senate President Pro Tempore Appointee

James E. Smith, Shawnee  
Trustee  
Non-Member, Governor Appointee

# TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA Organization





TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
2005-2006 PLAN SUMMARY

**BEGINNINGS**

The Teachers' Retirement System of Oklahoma (TRS) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

**ADMINISTRATION**

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

**REVENUE**

The four primary sources of revenue for TRS are contributions from active members, contributions from local schools, dedicated revenue from the State of Oklahoma, and investment income. As a participating member, you contribute 7% of your total compensation.

Statutes also require employers to contribute a percentage of applicable employee earnings. Local schools pay a contribution rate of 7.05%, and the state's contribution for Fiscal Year 2006 is 4.0% of annual sales and income tax revenues. The state's contribution is scheduled to increase to 5% by Fiscal Year 2008.

**MEMBERSHIP**

All classified personnel, as defined in statutes at 70 O.S., § 17-101, which includes teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time, must join TRS. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employees of a charter school may join the Teachers' Retirement System if the TRS Board of Trustees approves the school's application for membership.

New employees at the University of Oklahoma, OU Health Sciences Center, and Oklahoma State University have the option to participate in an alternate retirement plan provided by the universities. Employees choosing the alternate retirement plan are not eligible to participate in TRS as long as they remain employees of the universities.

**SERVICE CREDIT**

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or part-time employment between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit.

**RETIREMENT ANNUITY**

TRS offers five retirement plans, each providing a lifetime benefit to the member and, after the member's death, either a lump sum payment to the member's designated beneficiary(ies), or continued payments to one beneficiary.

A vested member can receive benefits after satisfying eligibility requirements. You are fully vested after five years of contributory Oklahoma membership service.

Members joining TRS before July 1, 1992, may retire with unreduced benefits when age and years of creditable service total 80 (Rule of 80). Members joining TRS after June 30, 1992, may retire with unreduced benefits when age and years of creditable service total 90 (Rule of 90).

You may retire at age 62 with unreduced benefits after completing five years of Oklahoma service.

You may retire with reduced benefits as early as age 55, if you have at least five years of creditable Oklahoma service.

Retirement benefits are based on a formula of 2% x final average salary x years of service. For Rule of 80 members, average salary is an average of the three highest years of contributory service. For Rule of 90 members, the average salary is an average of the highest five consecutive years of contributory service.

All years of service prior to July 1, 1995, will be calculated using an average salary no greater than \$40,000. Certain employees at OU, OUHSC, and OSU who were employed before July 1, 1995, may have retirement benefits adjusted for years when their contributions were less than total compensation.

**DISABILITY BENEFITS**

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as a public school employee. You may be considered for a TRS disability retirement benefit if you have at least 10 years of contributory TRS service, you submit a disability retirement application detailing your medical condition (which must have existed while you were employed by the public schools of Oklahoma), and your application is approved by the TRS Medical Review Board and the Board of Trustees.

If you are awarded Social Security Disability benefits, you qualify for TRS disability benefits if you incur the disability while employed by the public schools and provide TRS with proof of the Social Security award.

**HEALTH INSURANCE BENEFIT**

If you have at least 10 years of creditable service and retire or terminate your employment, you may elect to continue coverage in the insurance program your employer provides to active employees.

If you are not enrolled in the state plan, coverage is subject to the provisions of the plan in which you are enrolled.

*(continued on reverse)*

Dependent and dental coverage is available if you are enrolled in the State and Education Employees Group Health and Dental Insurance Plan.

Once you begin receiving monthly retirement checks, TRS will pay the first \$100 to \$105 of monthly premiums for you, but not for your dependents. The actual amount paid by TRS is determined by your total service and average salary at retirement.

If you have fewer than 10 years of employment, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the State and Education Employees Group Insurance Board before termination.

#### **SURVIVOR BENEFITS**

Your designated beneficiary or estate is entitled to survivor benefits if you are a TRS member when you die.

If you are an active in-service member when you die, your beneficiary(ies) will receive an \$18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the TRS rules, but generally means a member currently employed by an Oklahoma public education institution.

If you have five or more years of service, have reached age 55, or you have met the Rule of 80 or Rule of 90, and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump sum payment.

If you are an inactive member when you die, your beneficiaries will receive the amount of the contributions in your TRS account, plus interest on those contributions, but will not qualify for the \$18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members.

If you die after you retire, your beneficiary or estate will receive a \$5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary(ies) with a continuing monthly retirement benefit.

#### **WITHDRAWING YOUR CONTRIBUTIONS**

If you leave the job that qualified you for TRS membership, you may request a refund of your contributions any time after your last day on that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all TRS service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to TRS for 12 months.

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn contributions, your official membership date will be the date you rejoined TRS.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in TRS without terminating employment. If you are an optional member and withdraw your account without leaving

your job, the IRS requires that contributions made on a pre-tax basis cannot be refunded until you leave your job.

If you continue working for your employer after terminating your TRS membership, you can rejoin TRS only under special provisions of an Internal Revenue Service private letter ruling, which requires a period of non-membership and loss of the right to redeposit withdrawn service or purchase prior service credits. In this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least five years of Oklahoma service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

#### **TAX-SHELTERED ANNUITY PLAN**

The System administers a tax-sheltered annuity program qualified under § 403(b) of the Internal Revenue Code. As a TRS member, you may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees and you sign a salary reduction agreement with your employer. Contributions to the annuity plan are restricted to an annual "exclusion allowance" determined by the IRS Code. Withdrawals from the plan are subject to various withdrawal restrictions and tax penalties mandated by the Internal Revenue Code.

#### **RIGHTS AND RESPONSIBILITIES**

TRS publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the TRS staff concerning any question you have about your retirement account. TRS will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.

For details of how statutes and administrative rules may affect your retirement account, contact:

#### **TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

##### **MAILING ADDRESS**

P.O. Box 53524

Oklahoma City, OK 73152-3524

##### **STREET ADDRESS**

Oliver Hodge Building

5th Floor

2500 N. Lincoln Blvd.

Oklahoma City, OK 73105

**405-521-2387 (OKC AREA) 1-877-738-6365 (TOLL-FREE)**

[www.trs.state.ok.us](http://www.trs.state.ok.us)

This Plan Summary provides general information summarizing the basic benefits available to TRS members. If any conflict arises between information contained in this summary and state statutes or official TRS rules, the law and/or rule takes precedence. 20,000 copies of this Teachers' Retirement System of Oklahoma Plan Summary have been printed by the Office of Public Affairs, Central Printing Division, at a cost of \$1,075. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Revised 8/2005

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Teachers' Retirement System of Oklahoma

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director



**Independent Auditors' Report**  
**Management's Discussion and Analysis**  
**Basic Financial Statements**  
**Required Supplementary Information**  
**Schedules of Investment Expenses**  
**Schedules of Administrative Expenses**  
**Schedules of Professional/Consultant Fees**  
**Independent Auditors' Report on Internal Control**  
**Over Financial Reporting and on Compliance**  
**and Other Matters Based on an Audit of Financial**  
**Statements Performed in Accordance with**  
***Government Auditing Standards***





**Cole & Reed, P.C.**

*Certified Public Accountants*

Independent Auditors' Report

Board of Trustees  
Teachers' Retirement System  
of Oklahoma

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the "System"), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2006 and 2005, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note B, the System's actuary has determined that the System's unfunded actuarial accrued liability (the "UAAL") is approximately \$7,673,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the UAAL will be fully amortized in 37.4 years.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2006 and 2005, and the change in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2006, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's Discussion and Analysis and the schedules of funding progress and employers' contributions on page 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the schedules on pages 59 through 61 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information included in the schedules on pages 59 through 61 have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
October 26, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Teachers' Retirement System of Oklahoma (known collectively as TRS or the System), we offer readers of the TRS financial statements this narrative discussion and analysis of the financial activities of TRS for the fiscal years ended June 30, 2006, 2005, and 2004.

### Financial Highlights

- The net assets of TRS exceeded its current liabilities by approximately \$8.175 billion and \$7.541 billion at June 30, 2006 and 2005, respectively. Such amounts are used to meet the System's current and ongoing obligations to its retired and active members and creditors.
- The System's total net assets increased by approximately \$634 million and by \$589 million during the years ended June 30, 2006 and 2005, respectively. The gains in 2006 and 2005 were due to strong equity market returns in both fiscal years. These conditions resulted in net realized and unrealized gains on investments of approximately \$525 million and \$528 million in fiscal year 2006 and 2005, respectively.
- At June 30, 2006, TRS's unfunded actuarial accrued liability is \$7.673 billion. The unfunded actuarial accrued liability at June 30, 2005 was approximately \$7.100 billion. The System's funded ratio decreased from 49.5% to 49.3%. The decrease in the funded ratio is primarily due to the enactment of HB 1179. This bill created the new Education Employees Service Incentive Plan (EESIP) and provided a 2% ad-hoc cost-of-living adjustment (COLA). The EESIP allows for two years of service prior to July 1, 1995 to be computed at an enhanced or eliminated cap for each year that the employee has worked beyond Normal Retirement Age at the time of retirement.

### Overview of the Financial Statements

The System was established as of July 1, 1943 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the State of Oklahoma. The supervisory authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system.

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. TRS's basic financial statements are comprised of three components: 1) *statement of plan net assets*, 2) *statement of changes in plan net assets*, and 3) *notes to the financial statements*. This report also contains *required supplemental information* in addition to the basic financial statements themselves.

The *statement of plan net assets* presents information on all of the System's assets and liabilities, with the difference between the two reported as *net assets held in trust for pension benefits and annuity benefits of electing members*. Over time, increases or decreases in net plan assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments is not shown on the *statement of plan net assets*, but is located in both the *notes to the financial statements* and the *required supplemental information*.

## Overview to the Financial Statements, Continued

The *statement of changes in plan net assets* presents information showing how the System's net assets changed during the most recent fiscal year. Changes in net assets are recognized using the accrual basis of accounting, under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period they are earned and become measurable.

The *notes to the financial statements* are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the System, as well as contribution and benefit information.

Also, it is extremely important that the reader reviews and understands the information on the funding status of the System. This information is detailed in the *required supplementary information* section. The funding status information indicates the System's ability to meet current and future benefit payments to its active and retired members.

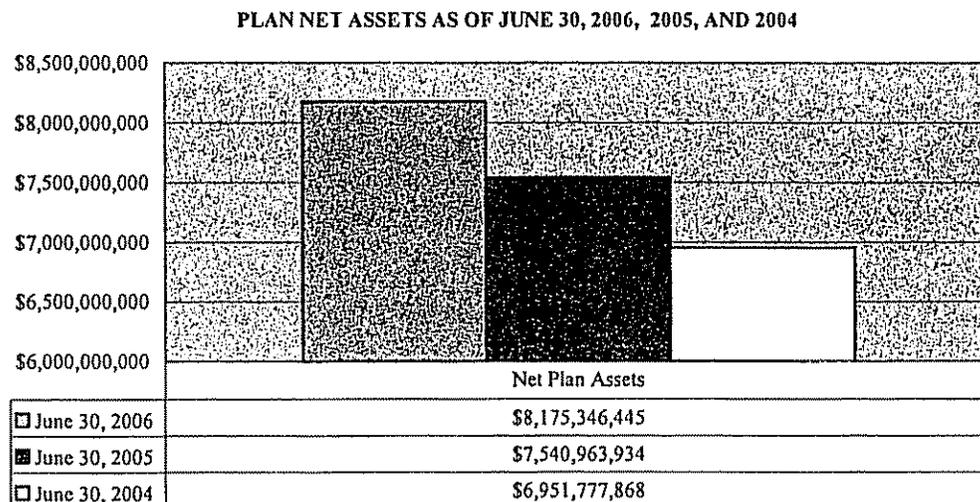
### Financial Analysis

As noted earlier, increases or decreases of plan net assets may serve over time as a useful indicator of the System's financial position. By far the largest portions of the System's assets are in cash and investments, which comprises \$8.284 billion and \$7.701 billion of the plan assets at June 30, 2006 and 2005, respectively. These amounts do not include the amounts shown as securities lending assets. Securities lending assets are offset by a liability for the same amount on the *statement of plan net assets*. Since the securities lending assets are offset by the securities lending liability they are not available for future spending. A summary of the plan net assets is shown below as of June 30:

Assets	2006	2005	2004
Cash	\$ 3,812,625	\$ 5,865,559	\$ 6,466,943
Short-term investments	462,979,732	370,052,039	514,478,967
Accrued interest and dividends receivable	26,839,937	24,671,437	19,629,944
Contributions receivable	38,858,770	36,439,084	33,490,888
Receivable from the State of Oklahoma	21,461,402	16,964,703	13,848,383
Due from brokers for securities sold	425,478,770	195,452,717	39,101,478
Securities lending institutional daily asset fund	—	1,758,147,104	1,377,874,455
Long-term investments	7,816,917,553	7,324,593,398	6,548,515,640
Capital assets, net	292,930	320,399	287,256
Total assets	<u>8,796,641,719</u>	<u>9,732,506,440</u>	<u>8,553,693,954</u>
<b>Liabilities</b>			
Benefits in process of payment	16,853,939	58,392,038	54,424,807
Due to brokers for securities purchased	596,121,391	368,051,480	162,858,780
Payable under securities lending agreement	—	1,758,147,104	1,377,874,455
Other liabilities	8,320,944	6,951,884	6,755,044
Total liabilities	<u>621,296,274</u>	<u>2,191,542,506</u>	<u>1,601,913,086</u>
<b>Net Assets</b>			
Net assets held in trust for pension benefits and annuity benefits of electing members	<u>\$ 8,175,345,445</u>	<u>\$ 7,540,963,934</u>	<u>\$ 6,951,780,868</u>

## Financial Analysis, Continued

The graph below illustrates the \$634 million and \$589 million increases in net assets for the years ended June 30, 2006 and 2005, respectively. As previously mentioned, the increases in net assets for 2006 and 2005 was primarily due to the strong market rally in both fiscal years.



## Changes in Selected Revenue and Expense Items

### **Fiscal Year 2006 compared to 2005**

The revenues received from member contributions increased by \$13.91 million or 5.92% in fiscal year 2006 from the prior fiscal year period due to an increase in both the number of active members and covered payroll. Employer statutory contributions increased by \$13.38 million or 5.88% during the current year, again, attributed to an increase in the number of active members and the amount of covered payroll. Dedicated revenue increased by \$38.28 million or 23.35% for the year as a result of a higher state revenue base due to improved economic conditions and an increase in the percentage of revenue received by TRS from 3.75% to 4% during fiscal year 2006. Net investment gain decreased by \$3.12 million or .59%. Retirement, death, survivor, and health benefit payments increased by \$25.66 million or 3.66%. This was due to an increase in the number of retirees receiving monthly benefits. Refunds of member contributions and annuity payments increased by \$8.84 million or 20.07%. The change was a result of an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403(b) optional defined contribution plan. Administrative expenses increased by \$213 thousand due primarily to an increase in employee health insurance costs. A summary of *changes in plan net assets* is presented on page 26. The graphs on page 27 offer a comparison of selected revenue and expense accounts for fiscal years 2006 and 2005.

## Changes in Selected Revenue and Expense Items, Continued

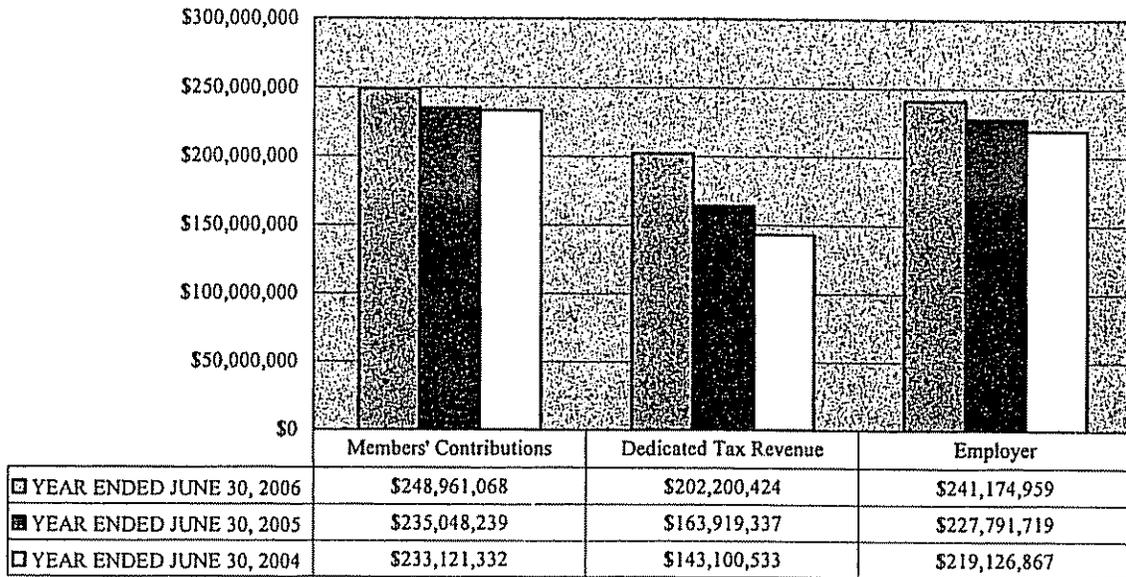
### Fiscal Year 2005 compared to 2004

The revenues received from member contributions increased by \$2 million or .8% in fiscal year 2005 from the prior fiscal year period due to an increase in the amount of member covered payroll. Employer statutory contributions increased by \$8.66 million or 3.9% during the current year due to an increase in the number of retired members returning to work (employers must make employer contributions on these members). Dedicated revenue increased by \$20 million or 14% for the year as a result of a higher state revenue base due to improved economic conditions and an increase in the percentage of revenue received by TRS from 3.54% to 3.75% during fiscal year 2005. Net investment gain decreased by \$520 million due to the equity market which was good in 2005 but not as outstanding as 2004. Retirement, death, survivor, and health benefit payments increased by \$54 million or 8%. This was due to a 3% increase in the number of retirees receiving monthly benefits and a 4% cost of living adjustment that became effective in 2005. Refunds of member contributions and annuity payments decreased by \$8 million or 16%. The decrease was a result of a reduction in the number of tax shelter annuity fund withdrawals due to favorable market performance in the past two fiscal years. Administrative expenses increased by \$361 thousand due primarily to an increase in personnel costs and contractual expenses incurred for an actuarial audit.

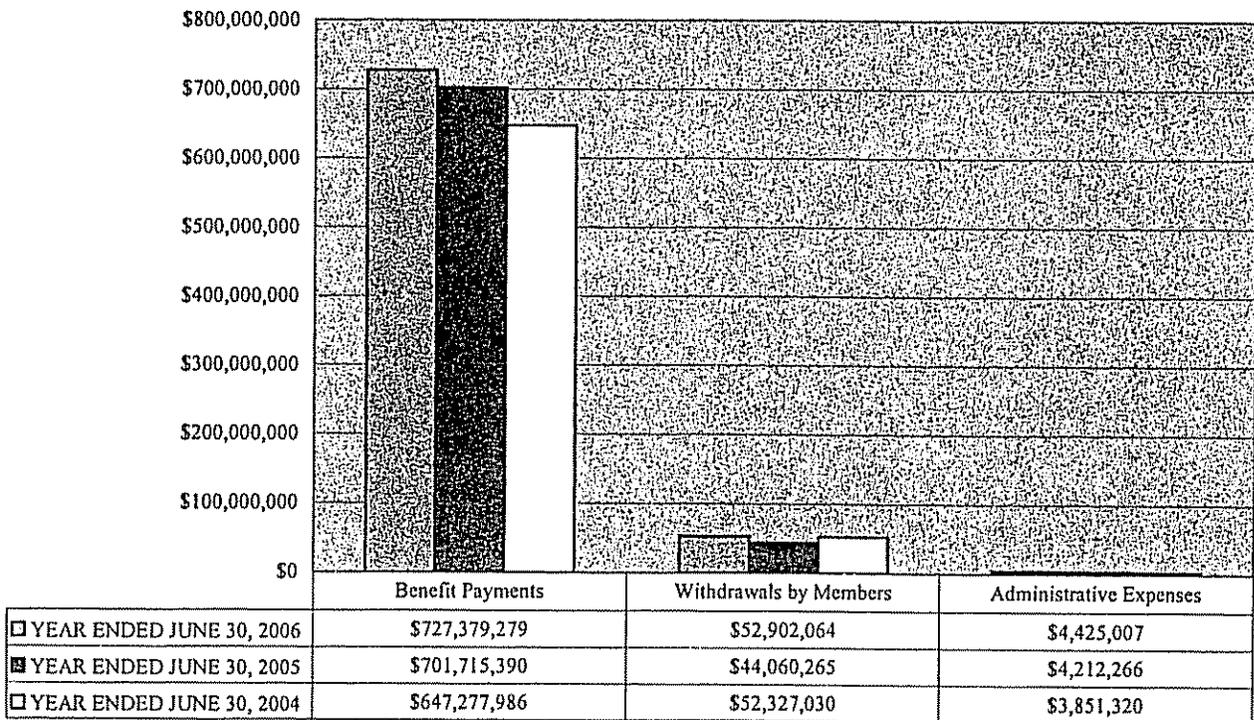
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Additions:			
Contributions:			
Members	\$ 248,961,068	\$ 235,048,239	\$ 233,121,332
Members tax shelter	7,625,919	6,410,810	5,191,621
Employer statutory requirement from local school districts	241,174,959	227,791,719	219,126,867
Federal matching	16,094,158	14,047,582	13,042,355
Dedicated tax revenue	<u>202,200,424</u>	<u>163,919,337</u>	<u>143,100,533</u>
Total contributions	<u>716,056,528</u>	<u>647,217,687</u>	<u>613,582,708</u>
Investment income:			
Interest	110,007,891	89,194,551	79,105,793
Dividends	89,658,423	93,863,495	69,366,744
Net realized and unrealized gains (losses)	525,282,130	528,399,334	1,048,927,967
Less investment expenses	<u>(25,899,914)</u>	<u>(22,819,284)</u>	<u>(21,573,692)</u>
Gain (loss) from investing activities	<u>699,048,530</u>	<u>688,638,096</u>	<u>1,175,826,812</u>
Income from securities lending activities:			
Securities lending income	72,481,517	32,505,873	12,975,928
Borrower rebates	(67,701,810)	(28,334,967)	(9,610,077)
Management fees	<u>(796,904)</u>	<u>(852,702)</u>	<u>(854,595)</u>
Income from securities lending activities	<u>3,982,803</u>	<u>3,318,204</u>	<u>2,511,256</u>
Net investment gain (loss)	<u>703,031,333</u>	<u>691,956,300</u>	<u>1,178,338,068</u>
Total additions	<u>1,419,087,861</u>	<u>1,339,173,987</u>	<u>1,791,920,776</u>
Deductions:			
Retirement, death, survivor, and health benefits	727,379,279	701,715,390	647,277,986
Refund of member contributions and annuity payments	52,902,064	44,060,265	52,327,030
Administrative expenses	<u>4,425,007</u>	<u>4,212,266</u>	<u>3,851,320</u>
Total deductions	<u>784,706,350</u>	<u>749,987,921</u>	<u>703,456,336</u>
Net increase (decrease)	634,381,511	589,186,066	1,088,464,440
Net assets:			
Beginning of year	<u>7,540,963,934</u>	<u>6,951,777,868</u>	<u>5,863,313,428</u>
End of year	<u>\$ 8,175,345,445</u>	<u>\$ 7,540,963,934</u>	<u>\$ 6,951,777,868</u>

**Changes in Selected Revenue and Expense Items, Continued**

**REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2006, 2005, AND 2004**



**DEDUCTIONS FOR THE FISCAL YEARS ENDED JUNE 30, 2006, 2005, AND 2004**



## **Economic Factors, Future Contribution Rates, and Status of Unfunded Liability**

A 9.7% positive return was achieved for the fiscal year ended June 30, 2006.

Statutes were amended in 1999 to provide that the System would receive 3.54% of the state sales, use, and corporate and individual income tax collections. This dedicated revenue source along with a percentage of the Education Lottery Trust Fund and the tax on tobacco products provided in House Bill 1020 described below contributed a total of \$202 million in fiscal year 2006 and \$164 million in fiscal year 2005. The TRS Board of Trustees has adopted an actuarial assumption that this source of revenue should increase at a rate of 3.5% annually. The state sales, use, and corporate and individual income taxes replaced the gross production tax previously dedicated to the System. The change to a broader tax base is intended to provide TRS with a more stable revenue source. Senate Bill 1376, which became law July 1, 2002, provides that the percentage of state revenue would increase from 3.54% to 3.75% July 1, 2004; 4% July 1, 2005; 4.5% July 1, 2006; and 5% July 1, 2007 and thereafter. When the state's contribution reaches 5%, it will approximate 7% of active members' pay, which is the contribution level required by active members. House Bill 1020 passed in 2005, appropriated \$3.1 million to TRS from the Education Lottery Trust Fund. Senate Bill 80 appropriates \$5.9 million to TRS from lottery proceeds during fiscal year 2007. House Bill 1020 (2005) also provided that TRS receive 1% of the new tax on tobacco products, which is designed to replace the sales tax on cigarettes TRS had been receiving. The monies received on cigarettes and from the Education Lottery Trust Fund were included with the funds received from the state sales, use and corporate and individual income taxes that are shown as dedicated revenue on the statement of changes in net plan assets.

As of June 30, 2006 only 49.3% of the System's actuarial liabilities were covered by the actuarial value of its assets. According to Gabriel, Roeder, Smith, and Company, Consultants and Actuaries, TRS continues to be one of the worst funded state-operated pension plans in the nation. The significance of this problem for the future of Oklahoma cannot be overstated.

### **Discussion of TRS benefit formula.**

Although the return on investments is very important to the System, members' benefits are assured and protected because TRS is a defined benefit plan. As the name implies, a defined benefit plan provides retirement income based on a formula that is fixed or defined. The amount of the member's pension is fixed before retirement. Usually, the formula is calculated as a percent of a worker's average salary prior to retirement. The TRS benefit formula includes a 2% multiplier and generally provides a benefit of 2% times the member's final average salary times years of service. Consequently, a person working for ten years would obtain a pension equal to about 20% of the final average salary, whereas an employee working for 30 years would get a better pension, covering about 60% of final average salary.

However, the TRS retirement formula is modified by state statutes to provide that the final average salary for service performed before July 1, 1995 cannot exceed \$40,000 and other limits apply to certain members employed by comprehensive universities.

## **Education Employees Service Incentive Plan (“EESIP”)**

The retirement formula that is applied to members whose membership date in TRS is prior to July 1, 1995, was modified with passage of House Bill 1179 during the Special Session of the 2006 Legislature. This measure has also been referred to as the “Wear Away Plan”. The purpose of this bill is to increase benefits for members who work beyond “Normal Retirement Age” and have an average salary greater than \$40,000 at the time of retirement. A legislative task force study in 2004 revealed that the TRS benefit formula for pre-1995 members was different and lower than other governmental employees in Oklahoma pension plans and lower than benefits provided to employees in surrounding states.

Under the EESIP statute, TRS members who joined TRS prior to July 1, 1995, and who work one or more years beyond normal retirement age, will qualify for an enhanced benefit at retirement. “Normal retirement age” is when a TRS member reaches age 62, or when age plus total service equal 80 (90 if the member first joined TRS after June 30, 1992). EESIP includes employees in K-12, career technology, state education agencies and two-year colleges. It does not apply to employees of the state’s four-year public colleges and universities. Members who earned more than \$40,000 between 1987 and 1995, will be required to make an extra contribution payment in order to qualify for an enhanced benefit formula.

For members who retire between July 1, 2006, and June 30, 2007, the maximum average salary that can be used for service moved to a higher salary level is \$60,000. For members who retire between July 1, 2007, and June 30, 2008, the maximum average salary increases to \$80,000, for moved service. For members who retire on or after July 1, 2008, the member’s final average salary, regardless of amount, can be used to calculate the benefit for moved service that was performed before July 1, 1995.

### **EESIP Increases Employer Contribution Rates**

Employers contributed 7.05% of covered member salaries in fiscal year 2006. Employers covered by EESIP will be required to increase contributions from 7.05% to 7.6% beginning January 1, 2007; to 7.85% beginning July 1, 2007; and to 8% beginning July 1, 2008. Increases in average salary limits and employer contribution rates scheduled for July 1, 2007, and July 1, 2008, are contingent upon increases in state appropriations to schools to cover EESIP costs.

### **Requests for Information**

This financial report is designed to provide a general overview of the System’s finances for all those with an interest in the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Secretary of the Teachers’ Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or (405) 521-2387.

## STATEMENTS OF PLAN NET ASSETS

## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	June 30	
	2006	2005
<b>ASSETS</b>		
Cash	\$ 3,812,625	\$ 5,865,559
Short-term investments	462,979,732	370,052,039
Accrued interest and dividends receivable	26,839,937	24,671,437
Contributions receivable	38,858,770	36,439,084
Receivable from the State of Oklahoma	21,461,402	16,964,703
Due from brokers for securities sold	425,478,770	195,452,717
Security lending institutional daily assets fund	-	1,758,147,104
Long-term investments:		
U.S. government securities	1,635,267,862	1,414,024,370
U.S. corporate bonds	586,164,143	535,558,870
International corporate bonds and government securities	93,259,778	118,847,833
Equity securities	<u>5,502,225,770</u>	<u>5,256,162,325</u>
Total long-term investments	7,816,917,553	7,324,593,398
Capital assets, net	<u>292,930</u>	<u>320,399</u>
Total assets	<u>8,796,641,719</u>	<u>9,732,506,440</u>
<b>LIABILITIES</b>		
Benefits in process of payment	16,853,939	58,392,038
Due to brokers for securities purchased	596,121,391	368,051,480
Payable under security lending agreement	-	1,758,147,104
Other liabilities	<u>8,320,944</u>	<u>6,951,884</u>
Total liabilities	<u>621,296,274</u>	<u>2,191,542,506</u>
<b>NET ASSETS</b>		
Net assets held in trust for pension benefits and annuity benefits (see Note B) of electing members (a schedule of funding progress is presented on page 53)	<u>\$ 8,175,345,445</u>	<u>\$ 7,540,963,934</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS  
 TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2006	2005
Additions:		
Members	\$ 248,961,068	\$ 235,048,239
Members tax shelter	7,625,919	6,410,810
Employer statutory requirement from local school districts	241,174,959	227,791,719
Federal matching	16,094,158	14,047,582
Dedicated tax	<u>202,200,424</u>	<u>163,919,337</u>
Total contributions	716,056,528	647,217,687
Investment income:		
Interest	110,007,891	89,194,551
Dividends	89,658,423	93,863,495
Net realized and unrealized gains	525,282,130	528,399,334
Investment expenses	<u>(25,899,914)</u>	<u>(22,819,284)</u>
Gain from investing activities	<u>699,048,530</u>	<u>688,638,096</u>
Income from securities lending activities:		
Securities lending income	72,481,517	32,505,873
Securities lending expenses:		
Borrower rebates	(67,701,810)	(28,334,967)
Management fees	<u>(796,904)</u>	<u>(852,702)</u>
Income from securities lending activities	<u>3,982,803</u>	<u>3,318,204</u>
Net investment gain	<u>703,031,333</u>	<u>691,956,300</u>
Total additions	1,419,087,861	1,339,173,987
Deductions:		
Retirement, death, survivor, and health benefits	727,379,279	701,715,390
Refund of member contributions and annuity payments	52,902,064	44,060,265
Administrative expenses	<u>4,425,007</u>	<u>4,212,266</u>
Total deductions	<u>784,706,350</u>	<u>749,987,921</u>
Net increase	634,381,511	589,186,066
Net assets, beginning of year	<u>7,540,963,934</u>	<u>6,951,777,868</u>
Net assets, end of year	<u>\$ 8,175,345,445</u>	<u>\$ 7,540,963,934</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE A--DESCRIPTION OF THE SYSTEM

The following brief description of the Teachers' Retirement System of Oklahoma (the "System") is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, sections 17-101 through 121, as amended.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the State of Oklahoma (the "State"). The supervisory authority for the management and operation of the System is a 13-member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system.

The System's membership consisted of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Retirees and beneficiaries currently receiving benefits	41,782	40,879
Terminated vested members	6,171	6,008
Active members	<u>87,194</u>	<u>84,286</u>
	<u>135,147</u>	<u>131,173</u>

There are 628 contributing employers in the System. In addition, there were 6,606 and 7,072 of nonvested inactive members at June 30, 2006 and 2005, respectively, which are entitled to a refund of their accumulated contributions.

## NOTES TO FINANCIAL STATEMENTS--Continued

### TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

#### NOTE B--FUNDING STATUS

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System decreased from the funding level at June 30, 2005. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is 37.4 years. The period to fully amortize the UAAL as of June 30, 2005 was 42.6 years. The actuarial accrued liability increased \$1,091 million and the actuarial value of assets increased \$517.7 million. As a result, the System's unfunded actuarial accrued liabilities increased \$573 million to \$7,672.9 million at June 30, 2006. The funded ratio – actuarial value of assets divided by actuarial accrued liability – decreased from 49.5% to 49.3%. The increase in the UAAL and the decrease in the funded ratio are primarily due to the enactment of HB 1179. This bill created the new Education Employees Service Incentive Plan ("EESIP") and provided a 2% ad-hoc cost-of-living adjustment ("COLA"). Although the benefit increases under the EESIP are phased in over three years, the entire impact had to be recognized in the current year valuation. The scheduled increase in the contribution rates for the employers covered by the EESIP, together with the increase in the State's contribution due to the improved economy in Oklahoma were sufficient to cover the costs of these benefit improvements and cause a decrease in the funding period.

The System could experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level. Based on calculations using Government Accounting Standards Board ("GASB") Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, the System's funded ratio is only 49.3% at June 30, 2006 and 49.5% at June 30, 2005.

The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earning greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value (\$7.47 billion) is \$389 million smaller than the fair value (\$7.859 billion).

The financial condition of the System and its ability to meet future obligations is predicated on a funding schedule set in Oklahoma Statutes, which provides an increasing revenue stream based on a percentage of active members' pay. Under the present funding schedule, the UAAL will be fully amortized in 37.4 years.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are paid with funds provided by operations of the System.

Budgetary Control: The System prepares and submits an annual budget of operating expenses on the cash basis for monitoring and reporting to the Oklahoma Office of State Finance. The System's budget process follows the budget cycle for State operations as outlined by the Oklahoma Office of State Finance.

The Executive Secretary may approve changes within the budget, but a change to the total budget must be handled according to the provision of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

Investments: The System is authorized to invest in eligible investments as approved by the board of trustees as set forth in the System's investment policy.

System investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the System's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in Northern Trust Company's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

The System's international investment managers enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. The gains and losses on these contracts are included in income in the period in which the exchange rates change.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

The System invests in various traditional financial instruments that fall under the broad definitions of derivatives. The System's derivatives include U. S. Treasury Strips, collateralized mortgage obligations, futures and options, convertible stocks and bonds, and variable rate instruments. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy.

The System's investment policy provided for investment diversification of stocks, bonds, fixed income securities and other investment securities along with investment in commingled or mutual funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Capital Assets: Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

Income Taxes: The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service (the "IRS") under Internal Revenue Code (the "IRC") Section 401(a). The System's 403(b) Plan is also tax exempt and has received a private letter ruling from the IRS.

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately \$278,000 and \$238,000 at June 30, 2006 and 2005, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Plan Termination: In the event the System terminates, the board of trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

Accumulated contributions will be allocated to each respective member, former member, retired member, joint annuitant, or beneficiary then receiving payments.

The balance of such assets, if any, will be allocated to each member then having an interest in the System based upon the excess of their retirement income under the System less the retirement income, which is equal to the actuarial equivalent of the amount allocated to them in accordance with the preceding paragraph in the following order:

- Those retired members, joint annuitants, or beneficiaries receiving payments,
- Those members eligible to retire,
- Those members eligible for early retirement,
- Former members electing to receive a vested benefit, and
- All other members.

Use of Estimates: The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties: Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation, and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, all of the System's bank deposits are held by the State Treasurer. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. At June 30, 2006 and 2005, the carrying amount of the System's bank deposits was approximately \$3,813,000 and \$5,866,000, respectively. The bank balance of the System's bank deposits at June 30, 2006 and 2005 was approximately \$4,154,000 and \$3,978,000, respectively.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2006 and 2005, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$462,980,000 and \$370,052,000, respectively, with its custodial agent, Northern Trust Company.

Credit Risk: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The System's investment policy requires that at the time of purchase all corporate bonds or debentures be at the highest rating of the four rating services recognized by the Comptroller of the Currency of the United States of America.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	Moody's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
<i>(Amounts in Thousands)</i>			
U.S. Government Securities	AGY (1)	\$ 915,845	56.01%
	TSY (2)	70,018	4.28%
	Aa2	19,951	1.22%
	Aa3	448	0.03%
	Aaa	622,087	38.04%
	Baa3	3,178	0.19%
	Not Rated	<u>3,741</u>	<u>0.23%</u>
Total U.S. Government Securities		\$ 1,635,268	100.00%
International Government Securities	A1	956	2.09%
	A3	372	0.81%
	Aa2	3,846	8.42%
	Aa3	2,875	6.29%
	Aaa	23,290	50.96%
	B1	353	0.77%
	B3	186	0.41%
	Ba1	1,802	3.94%
	Ba3	4,564	9.99%
	Baa1	5,169	11.31%
	Baa2	522	1.14%
	WR	767	1.68%
	Not Rated	<u>1,001</u>	<u>2.19%</u>
Total International Government Securities		\$ 45,703	100.00%

(1) U.S. Agency securities

(2) U.S. Treasury securities

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	Moody's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
<i>(Amounts in Thousands)</i>			
Domestic Corporate Bonds	A1	\$ 18,060	3.08%
	A2	16,172	2.76%
	A3	16,303	2.78%
	Aa1	11,393	1.94%
	Aa2	9,096	1.55%
	Aa3	22,889	3.90%
	Aaa	233,942	39.91%
	B1	5,315	0.91%
	B2	14,189	2.42%
	B3	3,138	0.54%
	Ba1	21,574	3.68%
	Ba2	10,723	1.83%
	Ba3	12,467	2.13%
	Baa1	26,609	4.54%
	Baa2	41,831	7.14%
	Baa3	49,369	8.42%
	C	78	0.01%
	Caa1	375	0.06%
	Caa2	89	0.02%
	P-1	59	0.01%
	WR	8,059	1.37%
	Not Rated	<u>64,434</u>	<u>10.99%</u>
Total Domestic Corporate Bonds		\$ 586,164	100.00%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	Moody's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
<i>(Amounts in Thousands)</i>			
International Corporate Bonds	A1	\$ 423	0.89%
	A2	647	1.36%
	A3	6,473	13.61%
	Aa2	1,492	3.14%
	Aa3	941	1.98%
	Aaa	3,316	6.97%
	B1	74	0.16%
	B2	71	0.15%
	B3	258	0.54%
	Ba1	5,530	11.63%
	Ba2	2,036	4.28%
	Ba3	1,319	2.77%
	Baa1	15,349	32.27%
	Baa2	3,479	7.32%
	Baa3	1,030	2.17%
	Caa1	77	0.16%
	Not Rated	<u>5,042</u>	<u>10.60%</u>
Total International Corporate Bonds		\$ 47,557	100.00%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed-income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2006, the System had the following investments with maturities:

<u>Investment Type</u>	<u>Investment Maturities at Fair Value (in Years)</u>				<u>Total Fair Value</u>
	<u>One to Five</u>	<u>Five to Ten</u>	<u>More Than Ten</u>	<u>Investments with No Duration</u>	
U.S. Government securities	\$ 270,303	\$ 231,056	\$ 1,037,650	\$ 96,259	\$ 1,635,268
International government securities	26,532	11,387	7,784	-	45,703
Domestic corporate bonds:					
Asset-backed securities	37,080	7,723	24,907	-	69,710
CMBS	1,418	5,824	184,394	-	191,636
CMO corporate	-	-	31,584	-	31,584
Corporates and other credit	128,075	94,890	70,269	-	293,234
	166,573	108,437	311,154	-	586,164
International corporate bonds	15,621	23,171	8,765	-	47,557
	<u>\$ 479,029</u>	<u>\$ 374,051</u>	<u>\$ 1,365,353</u>	<u>\$ 96,259</u>	<u>\$ 2,314,692</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE D--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment of deposit. The System's investment policy provides for various limits on the amount of foreign investments that may be maintained in the System's portfolio. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2006 is shown in the following table by monetary unit to indicate possible foreign currency risk.

Currency	Cash and Cash Equivalents	Equities	Government Securities	Corporate Bonds	Total
<i>(Amounts in Thousands)</i>					
Australian dollar	\$ -	\$ 13,675	\$ -	\$ -	\$ 13,675
British pound sterling	103	270,374	2,469	-	272,946
Canadian dollar	26	44,373	923	4	45,326
Danish krone	-	4,805	-	-	4,805
Euro currency unit	13,975	558,578	7,048	1,156	580,757
Hong Kong dollar	32	34,739	-	-	34,771
Japanese yen	471	295,211	10,077	9,470	315,229
Mexican peso	-	(3,146)	-	-	(3,146)
New Taiwan dollar	-	6,090	-	-	6,090
New Zealand dollar	-	3,433	-	-	3,433
Norwegian krone	-	13,325	-	-	13,325
Singapore dollar	-	22,362	-	-	22,362
South African rand	-	5,560	-	-	5,560
South Korean won	-	41,099	-	-	41,099
Swedish krona	-	12,495	3,391	-	15,886
Swiss franc	-	111,322	-	-	111,322
Not subject to foreign currency risk (1)	17,484	196,903	25,003	40,452	279,842
	\$ 32,091	\$ 1,631,198	\$ 48,911	\$ 51,082	\$ 1,763,282

(1) These investments are not subject to foreign currency risk as they are held and traded in the United States of America.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE E--SECURITIES LENDING ACTIVITY

The System's investment policy and State statutes provide for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U. S. Treasury or government agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% for loans of securities for which the principal trading market is the United States of America and 105% for securities for which the principal trading market is outside the United States of America.

As discussed in Note N, the System changed master custodians on July 1, 2006. In an effort to coordinate as smooth of a transition as possible, the System had no securities on loan at June 30, 2006. The fair value of securities on loan at June 30, 2005 was approximately \$1,822,461,000. The underlying collateral for these securities had a fair value of approximately \$1,871,669,000 at June 30, 2005. Collateral of securities and letters of credit represented approximately \$113,522,000 of total collateral at June 30, 2005. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net assets.

As there were no securities on loan at June 30, 2006, the System had no credit risk exposure to borrowers. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. However, should a collateral deficiency occur beyond the lending agent's responsibilities, the deficiency is allocated pro rata among all lenders. There have been no significant losses on security lending transactions, or recoveries from prior period losses, during 2006 or 2005 resulting from the default of a borrower or the lending agent. The System's lending agent is not affiliated or related to the System's investment managers or brokers. Accordingly, the System is not exposed to custodial credit risk in relation to its securities lending transactions.

All securities loans can be terminated on demand by either the System or the borrower. However, the average term of the loans cannot be determined. Cash collateral is invested in the lending agent's institutional daily assets fund. The relationship between the maturities of the investment fund and the System's loans is affected by the maturities of the securities loans made by other entities that use the lending agent's fund, which the System cannot determine.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE F--CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<u>2006</u>	<u>2005</u>
Furniture and fixtures	\$ 1,362,187	\$ 1,485,458
Accumulated depreciation	<u>(1,069,257)</u>	<u>(1,165,059)</u>
Capital assets, net	<u>\$ 292,930</u>	<u>\$ 320,399</u>

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2006 was approximately \$194,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately \$196,000 and \$197,000 for the years ended June 30, 2006 and 2005, respectively.

NOTE G--RESERVE AND DESIGNATED FUNDS

The amount included in the Teachers' Deposit Fund, the Expense Fund, and the Capital Assets Fund is not available to pay regular retirement benefits. A brief description of the major funds is as follows:

- The Teachers' Deposit Fund represents funds in the tax-sheltered annuity program, which is an optional program for members as allowed by Section 403(b) of the IRC.
- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System budgeted for the next fiscal year plus any accrued administrative costs as of the current fiscal year-end.
- The Capital Assets Fund represents the net book value of furniture and fixtures for the System.

The Funds had the following balances at June 30:

	<u>2006</u>	<u>2005</u>
Teachers' deposit fund (tax-sheltered annuities)	\$ 316,408,000	\$ 302,877,000
Expense fund	53,735,000	42,309,000
Capital assets fund	<u>293,000</u>	<u>320,000</u>
	<u>\$ 370,436,000</u>	<u>\$ 345,506,000</u>

## NOTES TO FINANCIAL STATEMENTS--Continued

### TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

#### NOTE H--CONTRIBUTIONS

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995.

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the maximum compensation level for the years ended June 30, 2006 and 2005 was \$72,500 and \$67,500 for those who elected the \$25,000 limit prior to June 30, 1995, respectively and \$89,000 and \$84,000 for all other members in fiscal years 2006 and 2005, respectively. Maximum compensation levels increase by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 7.05% for 2006 and 2005 is applied to annual compensation up to defined caps depending upon the member's elections as previously described.

As discussed in Note L, HB 1179 became effective July 1, 2006. With the exception of the comprehensive and regional four-year universities, whose employer contribution rate remains at 7.05%, this legislation increases the contribution rate for all other employers to 7.6%, effective January 1, 2007. Further increases to 7.85% in 2008 and 8% in 2009 are scheduled.

#### NOTE I--BENEFITS

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE I--BENEFITS--Continued

- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

For retirees that elect to obtain health insurance coverage through the Oklahoma State and Education Employees Group Insurance Board, (the "OSEEGIB") the System paid between \$100 and \$105 per month to OSEEGIB for each retiree, depending on the members' years of service during 2006 and 2005. Such amounts were approximately \$30,422,000 and \$30,934,000 in 2006 and 2005, respectively, and are included in retirement, death, survivor, and health benefits. Amounts due to OSEEGIB at June 30, 2006 and 2005, respectively, are approximately \$2,501,000 and \$2,515,000, and are included in benefits in process of payment. The System performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

## NOTES TO FINANCIAL STATEMENTS--Continued

### TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

#### NOTE J--DEDICATED TAX

The System receives 4% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the State's collected sales, use, and corporate and individual income taxes allocated by the State to the System will increase from 4% to 4.5% on July 1, 2006; and 5% on July 1, 2007. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately \$202,000,000 and \$164,000,000 from the State in 2006 and 2005, respectively. Amounts due from the State were approximately \$21,461,000 and \$16,965,000 at June 30, 2006 and 2005, respectively.

#### NOTE K--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

The System also makes employer contributions for its employees who are also members of the System. The System's contributions are under the same terms as other participating employers, as discussed in Note H. In addition to the employer contributions, the System also pays the employees' contributions as a fringe benefit. Benefits paid to members that worked for the System are the same as those described in Note I. The total employee and employer contributions paid by the System for its employees were approximately \$375,000 and \$336,000 for 2006 and 2005, respectively.

#### NOTE L--PLAN AMENDMENTS

HB 1179 was enacted during the 2006 legislative session and became effective July 1, 2006. This piece of legislation made three major changes to the System, as follows:

1. It established the EESIP whereby active members are eligible for the EESIP if they have service prior to July 1, 1995, are active on or after July 1, 2006, and are not employed by one of the comprehensive or regional four-year universities. The EESIP allows for two years of service prior to July 1, 1995 to be computed at an enhanced or eliminated cap for each year that the employee has worked beyond normal retirement age at the time of retirement. The \$40,000 cap applicable to service before July 1, 1995 is increased to \$60,000 for the year ended June 30, 2007, to \$80,000 for the year ended June 30, 2008, and the cap is removed beginning July 1, 2008 for service that qualifies for the enhancement provided by EESIP. The employee that elects the enhanced benefit must pay the accumulations, at 10% interest, of contributions that would have been required but for the cap then in place. Payment is required for those years of service that are computed at an elevated or eliminated cap. For those members electing the enhanced benefit, the payment required is 50% of the accumulated balance if the retirement occurs during the year ended June 30, 2007, 75% of the accumulated balance if retirement occurs during the year ended June 30, 2008 and 100% of the accumulated balance for members who retire on or after July 1, 2008.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE L--PLAN AMENDMENTS--Continued

2. With the exception of the comprehensive and regional four-year universities, whose employer contribution rate remains at 7.05%, the employer contribution rate increases to 7.6%, effective January 1, 2007. Further increases to 7.85% in 2008 and to 8% in 2009 are scheduled.
3. As of July 1, 2006, a 2% COLA is applied to all retirees (including disabled retirees, special retirees and beneficiaries receiving payments) who were retired before July 1, 2005.

NOTE M--NEW PRONOUNCEMENTS

Governmental Accounting Standards Board ("GASB") Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which provides guidance on how to report other postemployment benefit ("OPEB") plans that qualify as a trust or agency fund or as a fiduciary component unit of either a participating employer, a plan sponsor, or a public employee retirement system or other administering entity. The requirements of this statement are effective for fiscal periods beginning after December 15, 2005, for plans in which the sole or largest employer has annual revenues of \$100 million or more; for fiscal periods beginning after December 15, 2006, for plans in which the sole or largest employer has total annual revenues of \$10 million or more but less than \$100 million; and for fiscal periods beginning after December 15, 2007, for plans in which the sole or largest employer has total annual revenues of less than \$10 million.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* establishes standards for the measurement, recognition, and display of OPEB expenses and related assets, liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. GASB Statement No. 45 is effective for periods beginning after December 15, 2006, for phase one governments (those with total annual revenues of \$100 million or more); after December 15, 2007, for phase two governments (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008 for phase three governments (those with total annual revenues of less than \$10 million).

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE M--NEW PRONOUNCEMENTS--Continued

GASB Statement No. 47 *Accounting for Termination Benefits* establishes the accounting standards and disclosure requirements for termination benefits. The requirements of GASB Statement No. 47 are effective in two parts. For termination benefits provided through an existing defined benefit OPEB, implementation should be made simultaneously with the implementation of the requirements of GASB Statement No. 45. For all other termination benefits, the requirements of GASB Statement No. 47 are effective for financial statements for periods beginning after June 15, 2005, with early implementation allowed.

Management is in the process of determining what impact, if any, that these pronouncements will have on the System's financial statements.

NOTE N--SUBSEQUENT EVENTS

On July 1, 2006, the System changed its provider of custodial and securities lending services from Northern Trust Company to JPMorgan Chase Bank.



## **REQUIRED SUPPLEMENTARY INFORMATION**



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
June 30, 2001	\$ 5,959.0	\$ 11,591.1	\$ 5,632.1	51.4%	\$ 2,990.5	188.3%
June 30, 2002	6,310.9	12,275.9	5,965.0	51.4%	3,047.1	195.8%
June 30, 2003	6,436.9	11,925.2	5,488.3	54.0%	3,045.7	180.2%
June 30, 2004	6,660.9	14,080.1	7,419.2	47.3%	3,030.7	244.8%
June 30, 2005	6,952.7	14,052.4	7,099.7	49.5%	3,175.2	223.6%
June 30, 2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2001	\$ 451,463,258	72.7%
2002	556,201,571	65.6%
2003	585,168,488	61.9%
2004	534,811,845	70.2%
2005	722,095,783	56.2%
2006	535,228,038	85.8%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

Unaudited - see accompanying independent auditors' report

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE 1--ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2006, is as follows:

Funding Method: Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for the System, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

Experience gains and losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumption) adjust the unfunded actuarial accrued liability.

Asset Valuation Method: The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

Amortization: The unfunded actuarial accrued liability is amortized on a percent of pay method over a 30-year open period.

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2006 are as follows:

Investment Return: 8% per annum, compounded annually (includes inflation of 3%).

Salary Increases: 4.25% to 6% per year (includes inflation of 3% and a productivity increase of 1.25%).

Mortality Rates: Healthy males – 1994 Unisex Pension Mortality Table for males, set back one year; Healthy females – 1994 Unisex Pension Mortality Table for females, set back one year; Disabled males – PBGC Table Va for disabled males eligible for Social Security disability benefits weighted by 80%; Disabled females – PBGC Table VIa for disabled females eligible for Social Security disability benefits.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2006

NOTE 1--ACTUARIAL ASSUMPTIONS AND METHODS--Continued

Post Retirement Benefit Increases: None.

Post Retirement Health Insurance Premium: The System contributes between \$100 and \$105 per month or the Medicare Supplement Premium, if less, for eligible System members receiving retirement benefits who elect health insurance coverage through the Oklahoma State and Education Employee's Group Health Insurance Program, which administers various group health benefit plans.

Cost-of-Living Adjustment: 1%.



## **OTHER SUPPLEMENTARY INFORMATION**



SCHEDULES OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2006</u>	<u>2005</u>
Investment custodian	\$ 85,000	\$ 100,000
Investment managers	26,011,745	23,217,529
Investment consultants	590,399	474,049
Investment information services	20,400	20,214
Commission recapture	<u>(807,630)</u>	<u>(992,508)</u>
Total investment expenses	<u>\$ 25,899,914</u>	<u>\$ 22,819,284</u>

See accompanying independent auditors' report

SCHEDULES OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2006</u>	<u>2005</u>
Salaries and benefits	\$ 3,148,321	\$ 2,836,933
General and miscellaneous	707,107	748,969
Professional/consultant fees	368,307	428,649
Travel and related expenses	98,601	87,184
Depreciation expense	<u>102,671</u>	<u>110,531</u>
Total administrative expenses	<u>\$ 4,425,007</u>	<u>\$ 4,212,266</u>

See accompanying independent auditors' report

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2006</u>	<u>2005</u>
Actuarial	\$ 173,879	\$ 169,892
Medical	18,228	23,949
Legal	113,893	125,370
Audit	31,800	48,220
Data processing	14,806	49,578
Miscellaneous	<u>15,701</u>	<u>11,640</u>
Total professional/consultant fees	<u>\$ 368,307</u>	<u>\$ 428,649</u>

See accompanying independent auditors' report



**Cole & Reed, P.C.**

*Certified Public Accountants*

Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

The Board of Trustees  
Teachers' Retirement System  
of Oklahoma

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the "System") as of and for the year ended June 30, 2006 and have issued our report thereon dated October 26, 2006 which includes an emphasis paragraph related to the System's funded status and includes paragraphs related to required supplementary information and other supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. We noted certain matters that we reported to management of the System in a separate letter dated October 26, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the System in a separate letter dated October 26, 2006.

This report is intended solely for the information and use of the System's board of trustees, the Oklahoma State Auditor and Inspector, and the System's management and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
October 26, 2006



**Professional Consultants and Advisors**  
**Report on Investment Activity**  
**Summary of Investments**  
**Asset Allocation at Fair Value Pie Charts**  
**Investment Managers**  
**Assets Managed Graph**  
**Investment Performance**  
**Comparative Rates of Return Graphs**  
**Annualized Fixed Income Return Comparison**  
**Annualized Equity Return Comparison**  
**Total Investment Returns**  
**Investment Expenses**  
**Brokerage Commissions Paid**  
**Portfolio of Assets**

**INVESTMENT  
SECTION**



# TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA PROFESSIONAL CONSULTANTS AND ADVISORS

## DOMESTIC EQUITY MANAGERS

Aletheia Research and Management, Inc., *Large-Capitalization Growth*  
Santa Monica, California  
Aronson+Johnson+Ortiz, LP, *Mid-Capitalization Core*  
Philadelphia, Pennsylvania  
Chase Investment Counsel Corp., *Large-Capitalization Growth*  
Charlottesville, Virginia  
Frontier Asset Management, *Mid-Capitalization Growth*  
Boston, Massachusetts  
Goldman Sachs Asset Management, *Large-Capitalization Growth*  
Tampa, Florida  
Hotchkis & Wiley Investment, *Large-Capitalization Value*  
Los Angeles, California  
Hotchkis & Wiley Investment, *Mid-Capitalization Value*  
Los Angeles, California  
The Northern Trust Company, *S&P 500 Index Fund*  
Chicago, Illinois  
Sawgrass Asset Management, LLC., *Large-Capitalization Growth*  
Jacksonville Beach, Florida  
Shapiro Capital Management Company, Inc., *Small-Capitalization Value*  
Atlanta, Georgia  
Tocqueville Asset Management LP, *Small-Capitalization Value*  
New York, New York  
Wellington Management Company, LLP, *Mid-Capitalization Growth*  
Boston, Massachusetts

## DOMESTIC FIXED INCOME MANAGERS

Hoisington Investment Management Company, *Fixed Income, Interest Rate Sensitive*  
Austin, Texas  
Loomis, Sayles & Company, LP, *Fixed Income, Active*  
Chicago, Illinois  
Lord Abbett & Company LLC, *Fixed Income, CORE+*  
Jersey City, New Jersey  
MacKay Shields, LLC, *Fixed Income, CORE+*  
New York, New York  
Neuberger & Berman Pension Management, *Aggregate Core*  
New York, New York  
Pacific Investment Management Company, *Fixed Income, Active*  
Newport Beach, California  
Smith Asset Management Group, *Small-Capitalization Growth*  
Dallas, Texas  
Standish Mellon Asset Management, *Passive Intermediate/Aggregate Index Fund*  
Pittsburgh, Pennsylvania  
Stephens Capital Management, Inc., *Fixed Income, Interest Rate Sensitive*  
Little Rock, Arkansas

## INTERNATIONAL EQUITY MANAGERS

Brandes Investment Partners, L.P., *International Equity*  
San Diego, California  
Capital Guardian, *International Equity*  
San Francisco, California  
Causeway Capital Management LLC, *International Equity*  
Los Angeles, California  
Thornburgh Investment Management, Inc., *International Equity*  
Santa Fe, New Mexico

## ADVISORS AND CONSULTANTS

The Northern Trust Company, *Global Custodian*  
Chicago, Illinois  
gregory.w group, *Investment Consultant*  
Tulsa, Oklahoma/Dallas, Texas  
Gabriel, Roeder, Smith & Company, *Actuarial Consultant*  
Dallas, Texas  
Cole & Reed, P.C., *External Auditor*  
Oklahoma City, Oklahoma  
Office of the Oklahoma Attorney General, *Legal Counsel*  
Oklahoma City, Oklahoma

## Report on Investment Activity

The Teachers' Retirement System of Oklahoma had a gain for fiscal year 2006 of 9.7% based on fair value; three-year and five-year returns were 13.5% and 7.9% respectively. The System's investments increased \$585 million to \$8.280 billion at fiscal year-end.

The Board of Trustees (Board) of the Teachers' Retirement System of Oklahoma (System) is authorized by statute to invest the assets of the System solely in the interest of the participants and beneficiaries of the System. The Board is guided by the provisions of the prudent person rule, which affords the standard "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims." The Board is authorized to establish an investment committee, which is to make recommendations to the full Board of Trustees on all matters, related to the choice of custodians and managers of the assets of the System, and the establishment of investment guidelines.

The main determinant of any pension fund's long term-success is the fund's asset allocation. The Board, in conjunction with the investment consultant and staff has determined that the appropriate portfolio mix for the System is 70% equity investments and 30% fixed income investments. Adherence to a disciplined investment policy is critical to achieving long-term success while at the same time controlling risk. The System's asset allocation is regularly reviewed and periodically updated.

The investment information contained in this report is presented to the greatest degree possible in conformance with the Presentation Standards of the Association for Investment Management and Research (AIMR).

This report prepared by:

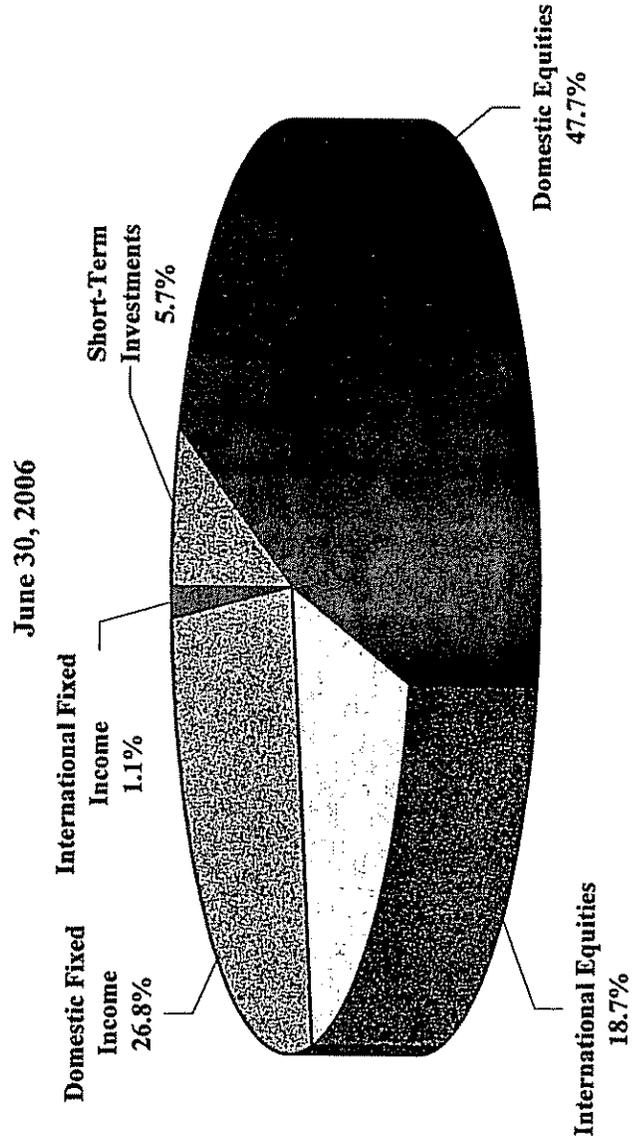
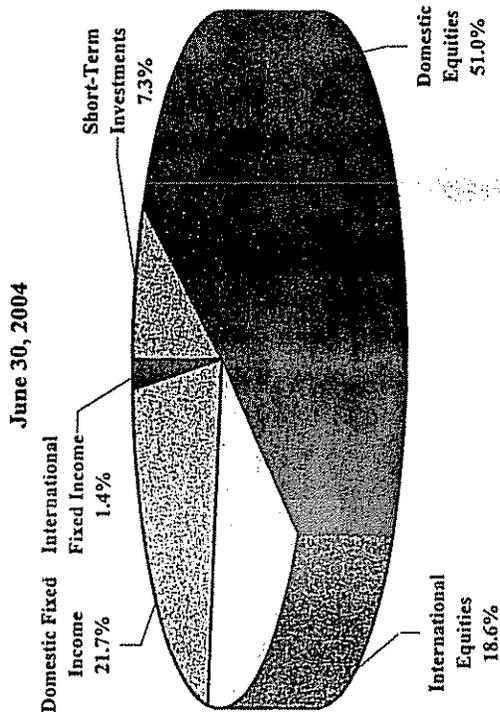
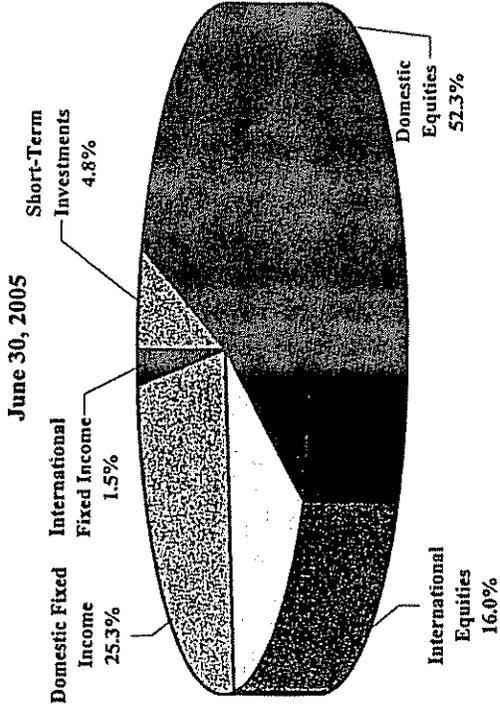
Bill Puckett  
Chief Investment Officer

**Summary of Investments**  
**June 30, 2006**

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage of Total Fair Value</u>
Fixed Income:		
U S Government Securities	\$1,635,267,862	19.7%
Corporate Bonds	586,164,143	7.1%
International Bonds	<u>93,259,778</u>	<u>1.1%</u>
Total Fixed Income	2,314,691,783	27.9%
Equities:		
Domestic	3,953,519,890	47.7%
International	<u>1,548,705,880</u>	<u>18.7%</u>
Total Equities	5,502,225,770	66.4%
Short-Term Investments:		
Commercial Paper	139,775,179	1.8%
Domestic Money Market/Short-Term Notes	283,845,326	3.4%
International Money Market	<u>39,359,227</u>	<u>0.5%</u>
Total Short-Term Investments	<u>462,979,732</u>	<u>5.7%</u>
 Total Investments	 <u>\$8,279,897,285</u>	 <u>100.0%</u>

The charts on the following page demonstrate the changes in asset allocation in the past three years.

# Asset Allocation at Fair Value



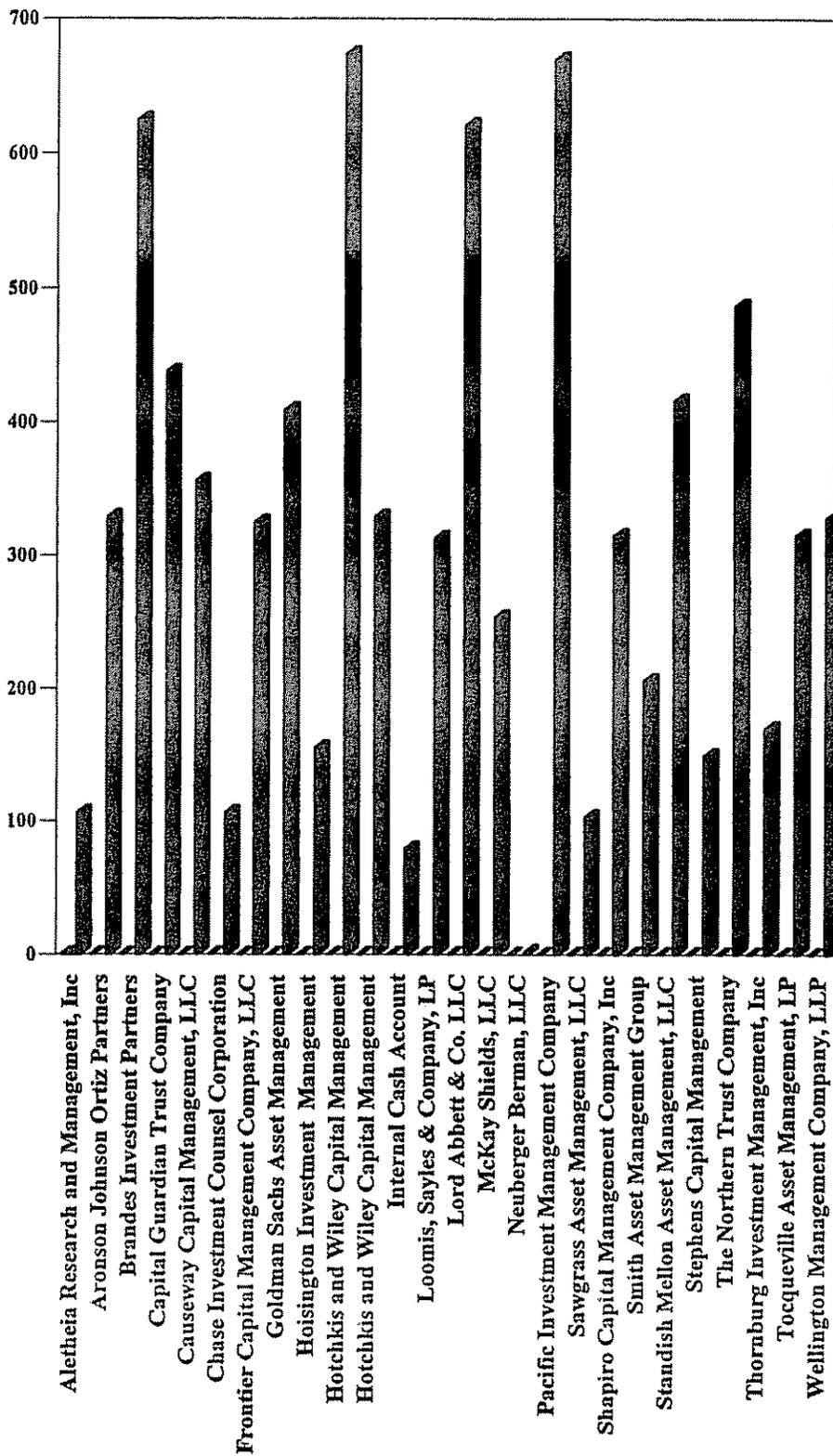
## Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy. Firms employed by the Board of Trustees on June 30, 2006 are listed below:

<u>Manager</u>	<u>Style</u>	<u>Funds Under Management (in millions)</u>
Aletheia Research and Management, Inc	Large Capitalization Growth	\$106
Aronson Johnson Ortiz Partners	Middle Capitalization Core	329
Brandes Investment Partners	International Equity	625
Capital Guardian Trust Company	International Equity	438
Causeway Capital Management, LLC	International Equity	356
Chase Investment Counsel Corporation	Large Capitalization Growth	106
Frontier Capital Management Company, LLC	Middle Capitalization Growth	325
Goldman Sachs Asset Management	Large Capitalization Growth	409
Hoisington Investment Management	Fixed Income	155
Hotchkis and Wiley Capital Management	Large Capitalization Value	674
Hotchkis and Wiley Capital Management	Middle Capitalization Value	329
Internal Cash Account		79
Loomis, Sayles & Company, LP	Core Plus Fixed Income	313
Lord Abbett & Co. LLC	Core Plus Fixed Income	621
McKay Shields, LLC	Core Plus Fixed Income	254
Neuberger Berman, LLC	Core Fixed Income	2
Pacific Investment Management Company	Core Plus Fixed Income	670
Sawgrass Asset Management, LLC	Large Capitalization Growth	103
Shapiro Capital Management Company, Inc	Small Capitalization Value	315
Smith Asset Management Group	Small Capitalization Growth	206
Standish Mellon Asset Management, LLC	Fixed Income Index	416
Stephens Capital Management	Interest Rate Sensitive Fixed Income	149
The Northern Trust Company	Large Capitalization Index	487
Thornburg Investment Management, Inc	International Equity	170
Tocqueville Asset Management, LP	Small Capitalization Value	315
Wellington Management Company, LLP	Middle Capitalization Growth	<u>328</u>
 Total funds under management		 <u>\$8,280</u>

Chart on following page.

## Assets Managed (In Millions)



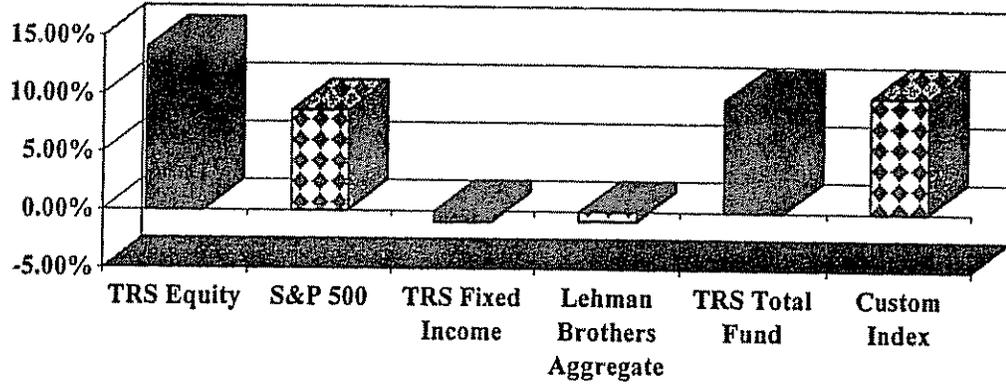
## **Investment Performance**

The Teachers' Retirement System of Oklahoma compares total return on equity investments to the S & P 500 Index. The benchmark for fixed income investments is the Lehman Brothers Aggregate Index. Individual benchmarks for the separately managed domestic equity funds include the Russell 1000 Value, the Russell 1000 Growth, the S & P 500, the S & P Midcap 400, the Russell Midcap, the Russell 2000 Value, the Russell 2000 Growth and the Russell 2000. The international managers are compared to the MSCI EAFE (before taxes).

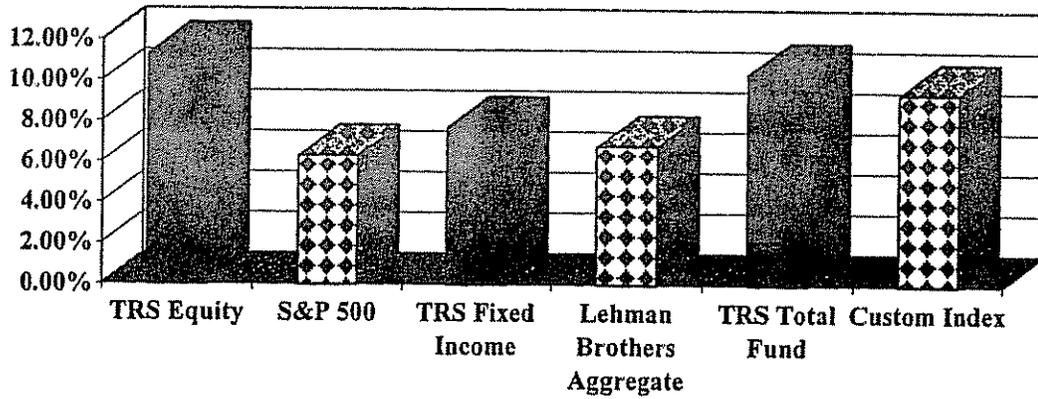
Investment returns achieved through June 30, 2006 have been calculated using a time-weighted rate of return methodology based upon market values.

The charts on the following pages show comparative returns for the major asset classes.

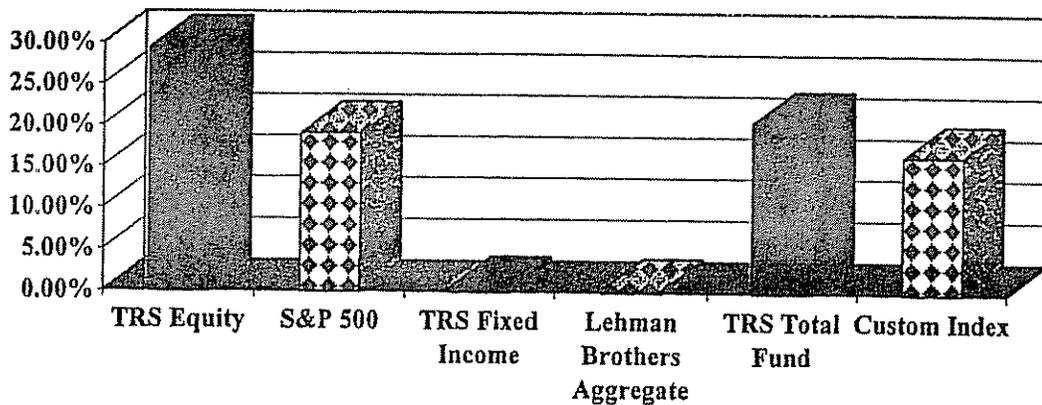
### Comparative Rates of Return Fiscal Year 2006



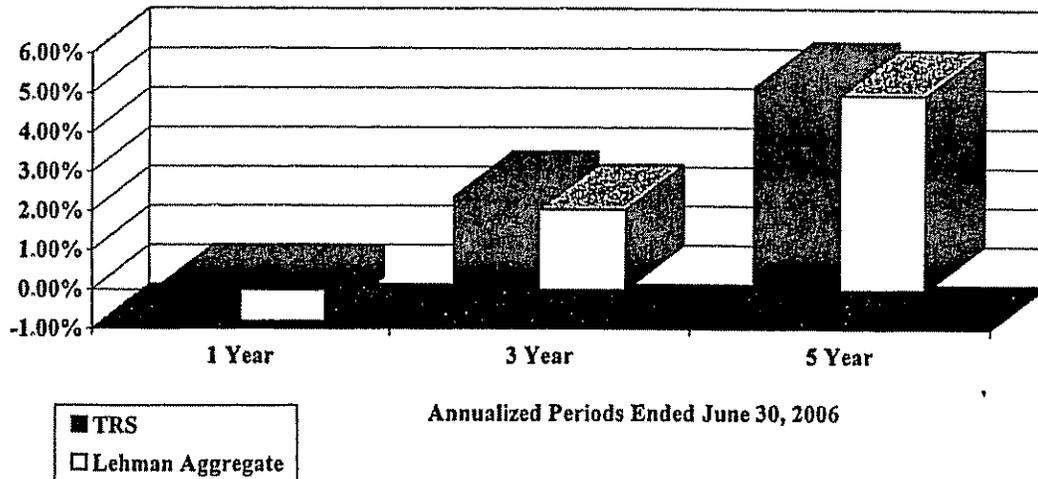
### Comparative Rates of Return Fiscal Year 2005



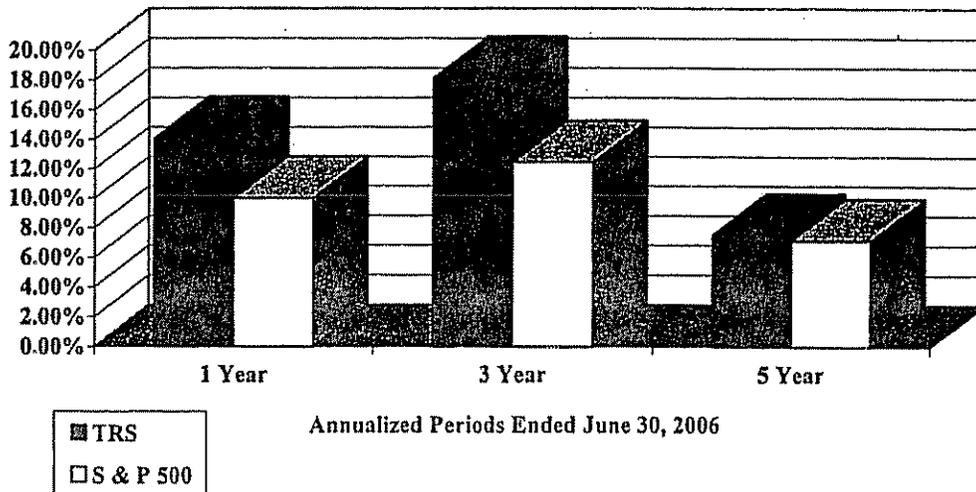
### Comparative Rates of Return Fiscal Year 2004



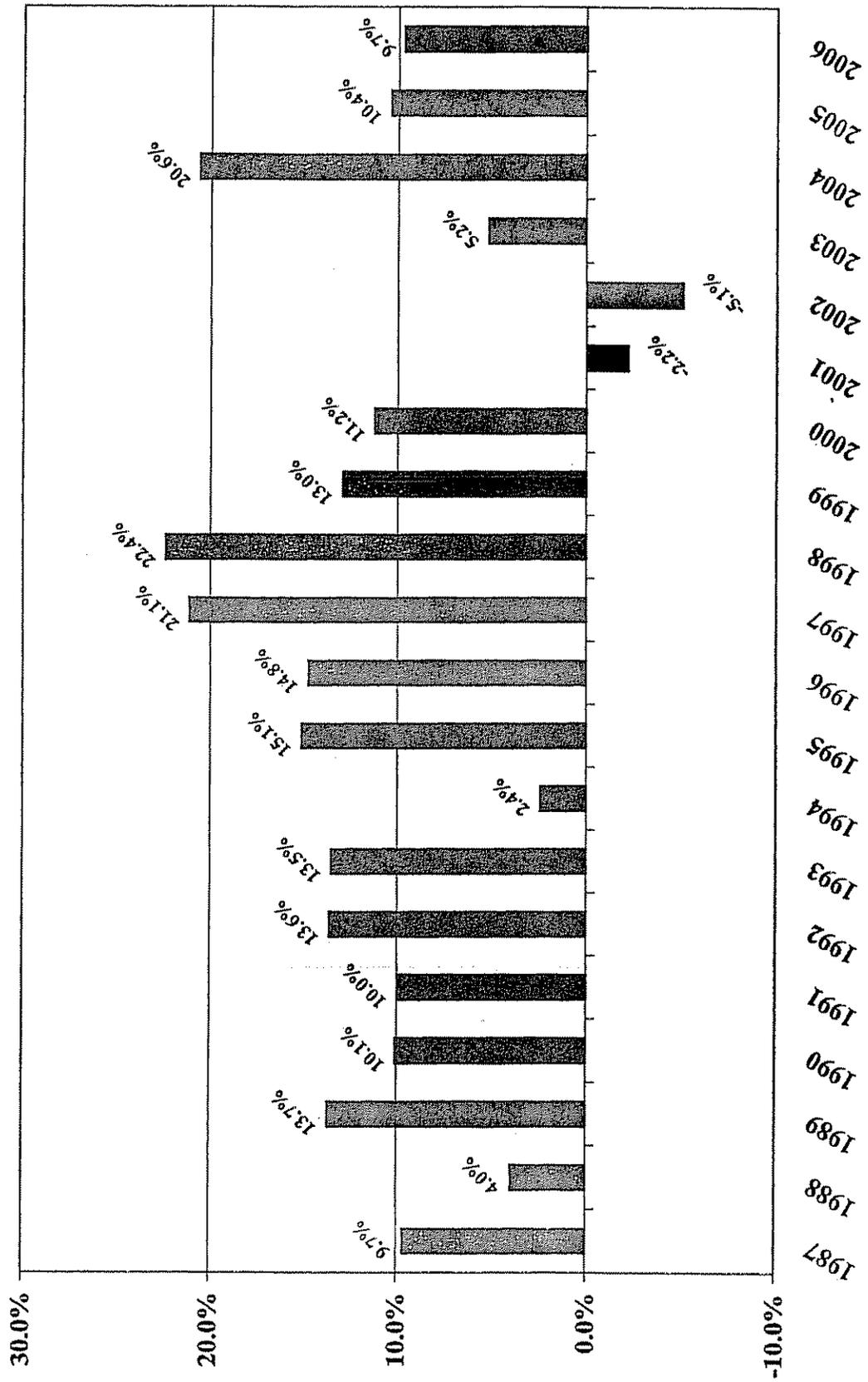
**Annualized Fixed Income Return Comparison  
Lehman Aggregate vs TRS Fixed Income Portfolio**



**Annualized Equity Return Comparison  
S&P 500 vs TRS Equity Portfolio**



Total Investment Returns for Fiscal Years Ended June 30



## Investment Expenses

Investment fees paid to investment management firms employed by the System were as follows in Fiscal Year 2006.

<u>Investment Manager</u>	<u>Fees Paid</u>
Aletheia Research and Management, Inc	\$21,745
Aronson + Partners	408,434
Brandes Investment Partners	2,418,953
Capital Guardian Trust Company	1,704,129
Causeway Capital Management, LLC	1,321,235
Chase Investment Counsel Corporation	20,041
Frontier Capital Management Company, LLC	1,787,850
Goldman Sachs Asset Management	2,196,878
Hoisington Investment Management	167,765
Hotchkis and Wiley (Large Capitalization)	2,696,634
Hotchkis and Wiley (Middle Capitalization)	1,689,278
Loomis, Sayles & Company, LP	656,701
Lord Abbett & Co. LLC	580,177
MacKay Shields, LLC	647,356
Neuberger Berman, LLC	497,449
Pacific Investment Management Company	908,541
Sawgrass Asset Management, LLC	21,115
Shapiro Capital Management Company	2,802,059
Smith Asset Management Group	1,050,579
Standish Mellon Asset Management, LLC	78,122
Stephens Capital Management	180,674
The Northern Trust Company	100,223
Thornburg Investment Management, Inc	494,427
Tocqueville Asset Management, LP	2,070,569
Wellington Management Company, LLP	<u>1,490,811</u>
Total fees paid	<u>\$26,011,745</u>

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
ABEL NOSER	5,077,773	71,523	0.014
ABG SECURITIES	279,262	12,991	0.047
ABN-AMRO	8,959,118	32,261	0.004
ADAMS, HARKNESS & HILL, INC	66,300	2,652	0.040
ADP CLEARING & OUTSOURCING SERVICES, INC	54,300	2,715	0.050
ADVEST, INC.	151,525	3,031	0.020
ALGORITHM TRADING	440,500	8,810	0.020
ALLEN & COMPANY, INC	167,477	3,182	0.019
ARCHIPELAGO ACC CAPITAL CLEAR	129,100	1,937	0.015
ARNHOLD & S BLEICHROEDER INC	58,900	2,945	0.050
ASSENT LLC	29,600	266	0.009
AUERBACH GRAYSON	31,749	873	0.027
AVIAN SECURITIES	533,700	10,674	0.020
AVONDALE PARTNERS LLC	10,200	510	0.050
BAIRD, ROBERT W & COMPANY INC	39,400	1,182	0.030
BANCAMERICA	2,409,464	85,121	0.035
BANCO SANTANDER	5,900	109	0.018
BANK BELLEVUE	408	606	1.484
BANK VONTOBEL	43,082	4,220	0.098
BASS TRADING LLC	13,300	532	0.040
BAUM, GEORGE K, & CO	8,756	343	0.039
BAYERISCHE HYPO-UND VEREINSBANK AG	28,217	2,272	0.081
BB&T CAPITOL MARKETS	53,400	2,670	0.050
BEAR STEARNS & COMPANY	7,360,825	339,281	0.046
BENCHMARK CO.	37,900	1,800	0.047
BERNSTEIN, SANFORD C. & CO	1,200	6	0.005
BLOOMBERG TRADEBOOK	9,000	45	0.005
BNP PARIBAS SEC CORP	1,576,067	56,663	0.036
BNY CAPITAL	209,551	6,039	0.029
BNY ESI & CO ALPHA DIVISION	95,278	1,693	0.018
BOENNING & SCATTERGOOD	421,100	9,947	0.024
BREUBEARINTL	208,545	10,265	0.049
B-TRADE SERVICES LLC	1,523,822	5,016	0.003
BUCKINGHAM RESEARCH	657,693	36,481	0.055
BURNHAM SECURITIES	6,700	335	0.050
C L KING & ASSOCIATES	67,200	3,360	0.050
C. I. NORDIC SECURITIES	71,000	2,140	0.030
C.E. UNTERBERG, TOWBIN	684,800	25,998	0.038
CADARET GRANT CO.	2,869,272	120,233	0.042
CALYON CAPITAL MARKETS ASIA	654	410	0.627
CANACCORD ADAMS INC	95,800	4,330	0.045
CANTOR FITZGERALD & COMPANY INC	12,229,775	278,794	0.023
CAPITAL INSTITUTIONAL SERVICES INC	2,185,368	89,089	0.041
CAPITOL WEST	11,500	460	0.040

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
CAZENOVA	1,454,071	8,139	0.006
CDC SECURITIES	76,471	2,566	0.034
CHEVEREUX	132,784	11,019	0.083
CIBC OPPENHEIMER CORP/WORLD MARKETS CORP	856,822	36,204	0.042
CITIGROUP GLOBAL MARKETS, INC	9,647,150	180,784	0.019
COLLINS STEWART LTD	141,029	3,549	0.025
COMMERCE CAPITAL MARK	44,900	1,796	0.040
COWEN & CO	1,253,375	60,910	0.049
CRED AG INDO CHEVEREUX	309,966	12,772	0.041
CREDIT LYONNAIS SECURITIES INC.	178	313	1.759
CREDIT RESEARCH & TRADING	27,200	1,088	0.040
CREDIT SUISSE FIRST BOSTON CORPORATION	13,678,887	177,600	0.013
CROWELL WEEDON	7,500	300	0.040
CRT CAPITAL GROUP LLC	83,400	4,170	0.050
CS FIRST BOSTON	1,100	103	0.094
CUTTONE & COMPANY	1,400	35	0.025
D.A. DAVIDSON & COMPANY, INC.	5,500	275	0.050
DA PARTNERS	1,029,202	20,584	0.020
DAHLMAN ROSE & CO	2,000	100	0.050
DAIN RAUSCCHER INC	12,000	480	0.040
DAIWA SECURITIES AMERICA	31,330	2,093	0.067
DAVENPORT	5,200	260	0.050
DAVY STOCK BROKER	108,745	4,786	0.044
DBS VICKERS SECURITIES	34,200	255	0.007
DEMATTEO MONESS	10,000	400	0.040
DESJARDIN SECURITIES	3,120	136	0.044
DEUTSCHE / DB CLEARING SERVICES	8,107,824	183,570	0.023
DEXIA EQUITIES	28,387	879	0.031
DOMINION SECURITIES	86,660	3,574	0.041
DONALDSON & CO	537,800	21,512	0.040
DOWLING & PARTNERS	68,900	3,264	0.047
DRESDNER KLEINWORT BENSON	1,957,573	41,422	0.021
E*TRADE CAPITAL MARKETS	473,100	23,204	0.049
EDWARDS A G INC	206,612	8,056	0.039
ENSKILDA SEC	97,000	3,003	0.031
ESI SECURITIES CO	7,100	355	0.050
EURO BROKERS	31,900	849	0.027
EXANE	127,317	9,703	0.076
EXECUTION LIMITED	250,624	10,699	0.043
EXECUTIVE SERVICES	22,600	314	0.014
FERRIS, BAKER WATTS, INC.	10,500	420	0.040
FIDELITY CAPITAL MGMT	783,800	20,588	0.026
FIRST ALBANY	285,300	15,763	0.055
FIRST ANALYSIS	133,200	6,425	0.048

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
FIRST BOSTON CORPORATION	20,158	808	0.040
FOX PITT KELTON	136,130	5,959	0.044
FREEMAN	11,300	565	0.050
FREIMARK BLAIR AND CO	3,600	144	0.040
FRIEDMAN BILLINGS	824,252	34,293	0.042
FTN FINANCIAL CAPITAL MARKETS	3,600	144	0.040
FULCRUM GOLBAL PARTNERS LLC	123,500	4,940	0.040
G TRADE SERVICES LTD	3,100,967	20,394	0.007
GABELLI & COMPANY, INC.	111,709	6,703	0.060
GENESIS	800	16	0.020
GENUITY CAPITAL MARKETS	148,500	5,940	0.040
GOLDMAN SACHS & COMPANY	23,219,081	213,195	0.009
GOODBODY STOCKBROKERS	46,945	2,572	0.055
GREEN STREET	5,200	260	0.050
GREEN STREET ADVISORS INC	34,300	1,715	0.050
GRISWOLD CO, THE	5,421,773	250,393	0.046
GUNN ALLEN	295,625	17,738	0.060
GUZMAN	545,300	10,906	0.020
HAMBRECHT & QUIST	53,900	2,659	0.049
HARRIS NESBITT THOMPSON	604,400	32,700	0.054
HEFLIN & CO., LLC	4,700	188	0.040
HOWARD WEIL LABOUISSSE FRIEDRICHS INC	8,800	440	0.050
HSBC SECURITIES INC	768,360	12,104	0.016
ICAP	92,200	5,532	0.060
IMPERIAL CAPITAL	2,800	140	0.050
INDEPENDENT MINDS	8,490	222	0.026
ING BARINGS LLC	7,199	498	0.069
INSTINET	3,607,980	124,940	0.035
INSTITUTIONAL DIRECT	63,300	633	0.010
INTERMONTE SECURITIES	19,640	461	0.023
INTERNATIONAL STRATEGY INVESTMENT GROUP	84,700	1,271	0.015
INVESTEC BANK	85,700	1,939	0.023
INVESTMENT TECHNOLOGY GROUP	473,850	7,631	0.016
ISI GROUP INC	1,212,172	61,334	0.051
ITG / POSIT	3,618,876	85,785	0.024
J P MORGAN CHASE	5,062,846	145,197	0.029
JANNEY MONTGOMERY SCOTT	120,579	2,412	0.020
JEFFERIES & COMPANY INC	10,212,743	346,401	0.034
JENNIFER BLACK	27,700	1,385	0.050
JESUP & LAMONT SECURITIES CORP	1,541,906	72,138	0.047
JMP SECURITIES	127,300	6,029	0.047
JNK SECURITIES INC	178,100	2,299	0.013
JOHNSON RICE	84,600	3,180	0.038
JONES & ASSOC	5,739,804	171,746	0.030

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
JULIUS BAER	16,721	1,222	0.073
KALB, VOORHIS & CO., LLC	329,700	8,243	0.025
KBC FINANCIAL PRODUCTS	208,729	2,365	0.011
KEEFE BRUYETTE AND WOODS INC.	473,096	19,529	0.041
KELLOGG PARTNERS	25,000	625	0.025
KELLY & CHRISTENSEN INC	10,400	208	0.020
KEPLER EQUITIES	22,506	1,823	0.081
KEYBANC FINANCIAL	413,800	18,981	0.046
KNIGHT SECURITIES	1,052,182	48,266	0.046
LA BRANCHE FINANCIAL	2,118,585	57,900	0.027
LANGEN MCALENNY	133,900	6,695	0.050
LAVA TRADING	341,603	5,124	0.015
LAZARD FRERES & CO	65,300	1,959	0.030
LEERINK SWANN & CO	121,708	5,607	0.046
LEGG MASON WOOD WALKER, INC.	101,910	4,872	0.048
LEHMAN BROTHERS	15,898,745	383,061	0.024
LEPERCQ/TOCQUEVILLE	16,500	495	0.030
LIQUIDNET	6,044,415	120,950	0.020
LOMBARD ODIER	68,880	5,827	0.085
LONGBOW	95,303	5,275	0.055
LYNCH JONES RYAN	6,786,413	326,982	0.048
MACQUARIE	741,872	9,945	0.013
MCDONALD & COMPANY	360,400	19,026	0.053
MERRILL LYNCH PIERCE FENNER & SMITH INC	18,764,866	228,294	0.012
MERRIMAN CURHAN FORD & CO	80,200	3,994	0.050
MIDWEST RESEARCH	4,500,903	53,421	0.012
MILETUS TRADING	728,910	21,867	0.030
MILLER, TABAK, HIRSCH & COMPANY	11,500	460	0.040
MIZUHO INTERNATIONAL	333,152	15,183	0.046
MONTGOMERY SECURITIES	16,853	771	0.046
MORGAN KEEGAN & COMPANY, INC	529,200	24,882	0.047
MORGAN STANLEY DEAN WITTER	7,690,543	213,458	0.028
MURPHY & DURIEU	115,500	2,599	0.023
NATIONAL BANK OF CANADA	83,100	3,329	0.040
NATIONAL FINANCIAL SERVICES CORP	95,200	2,290	0.024
NCB STOCKBROKERS	20,000	1,116	0.056
NEEDHAM & CO.	116,144	5,949	0.051
NESBITT BURNS SECURITIES	650,323	14,014	0.022
NIKKO CITIGROUP LIMITED	402,516	8,558	0.021
NOMURA	385,473	12,492	0.032
NORDIC PARTNERS	26,600	1,539	0.058
NORTHERN TRUST, THE	19,402	970	0.050
NUMIS SECURITIES	142,806	1,104	0.008
NYFIX TRANSACTION SERVICES	2,700	14	0.005

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
OTA LIMITED PARTNERSHIP	294,600	11,784	0.040
PACIFIC BROKERAGE	86,250	2,783	0.032
PACIFIC CREST SECURITIES INC	118,709	4,065	0.034
PACIFIC GROWTH	575,080	31,283	0.054
PEREIRE TOD	58,600	3,516	0.060
PERSHING	116,100	788	0.007
PETERCAM	4,025	272	0.068
PETRIE PARKMAN	133,936	7,360	0.055
PICTET	14,786	1,675	0.113
PIPELINE TRADING SYSTEMS, LLC	251,347	4,709	0.019
PRITCHARD CAPITAL PARTNERS	269,220	10,507	0.039
PRUDENTIAL SECURITIES INC	1,182,283	40,544	0.034
PULSE TRADING LLC	355,913	7,309	0.021
RABO SECURITIES	28,070	1,157	0.041
RAYMOND JAMES & ASSOC	445,700	20,902	0.047
RBC CAPITAL MARKETS	350,900	16,463	0.047
ROBERT BRANDT	18,900	567	0.030
ROBERT W BAIRD	554,570	23,138	0.042
ROBINSON HUMPHREY	164,600	7,659	0.047
ROCHDALE SECURITIES	37,900	1,516	0.040
ROSENBLATT	853,750	17,075	0.020
ROTHSCHILD INC	3,100	31	0.010
RYAN BECK & CO.	92,700	4,635	0.050
SALOMON SMITH BARNEY	4,298,757	108,130	0.025
SAMSUNG	38,800	7,709	0.199
SANDERS MORRIS MUNDY	46,700	2,335	0.050
SANDLER O'NEILL	80,331	1,933	0.024
SANFORD C. BERSTEIN & CO., INC.	1,703,494	73,050	0.043
SANTANDER INV.	859,195	9,607	0.011
SCHONFIELD	251,200	2,168	0.009
SCHRODER & CO. INC.	47,600	428	0.009
SCOTIA MCLEOD INC	105,400	4,098	0.039
SG COWEN SECURITIES CORPORATION	1,687,052	65,223	0.039
SHIELDS CAPITOL CORP	3,800	190	0.050
SIDOTI AND CO	458,838	14,815	0.032
SIMMONS	279,340	12,274	0.044
SOCIETE GENERALE	124,930	8,572	0.069
SOLEIL SECURITIES	128,000	6,299	0.049
SOUTHCOAST CAPITAL	426,200	13,404	0.031
STANFORD GROUP	10,800	540	0.050
STATE STREET BROKERAGE SVCS INC.	37,768,152	225,336	0.006
STEPHENS, INC.	202,200	9,659	0.048
STIFEL NICOLAUS & CO INC	541,774	19,740	0.036
SUNTRUST	60,400	2,469	0.041

**Brokerage Commissions Paid  
Fiscal Year 2006**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
SUSQUEHANNA BROKERAGE SERVICES	1,836,000	31,664	0.017
TD NEWCREST	17,540	729	0.042
THEMIS TRADING, LLC	29,300	733	0.025
THINK EQUITY PARTNERS LLC	62,000	2,591	0.042
THOMAS WEISEL PARTNERS, LLC	641,561	29,854	0.047
TORONTO DOMINION SECURITIES	22,900	886	0.039
TULLET & TOKYO LIBERTY SECURITIES INC	1,337,150	47,065	0.035
U.S. BANCORP PIPER JAFFRAY	920,159	32,631	0.035
UBS WARBURG	500	5	0.010
UBS WARBURG DILLON READ INC. - SWISS BAN	5,991,971	128,009	0.021
UNTERBERG HARRIS & DESANTIS	54,100	1,689	0.031
WACHOVIA BANK	1,450,599	72,532	0.050
WARBURG SG	600	30	0.050
WAVE SECURITIES LLC	338,100	3,381	0.010
WEDBUSH MORGAN SECURITIES, INC	139,700	6,884	0.049
WEEDEN & COMPANY	2,933,091	122,284	0.042
WELLS FARGO VAN KASPER & CO	29,600	1,480	0.050
WEST PAC	1,200	24	0.020
WESTLB PANMURE LIMITED	45,616	1,227	0.027
WHITE CAP	198,400	3,976	0.020
WILLIAM BLAIR	274,172	12,379	0.045
WILLIAMS CAPITAL	40,500	2,430	0.060
YAMNER & CO.	619,850	6,199	0.010
Z & Z SECURITIES	1,852,645	65,729	0.035
ZURICH FINANCIAL SERVICES	<u>1,030</u>	<u>1,165</u>	<u>1.131</u>
Gross Commissions	<u>303,089,438</u>	6,848,648	0.023
Less Commission Rebates Received		<u>(807,630)</u>	
Net Commissions		6,041,018	0.020

Transactions whose commission cost is zero are not included.

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>COMMERCIAL PAPER</u>			<u>MATURITY</u>	<u>MARKET</u>	<u>INTERNATIONAL</u>	<u>MATURITY</u>	<u>MARKET</u>
<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>MONEY MARKET</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	
EUR/USD OTC/OPT CALL 1.2824	4.500	08/07/2006	7,142	Canadian dollar		2,992	
ABBEY NATL NORTH AMER	4.500	07/05/2006	16,387,943	Euro		12,566,371	
BNP PARIBAS FIN INC	5.050	08/16/2006	6,156,695	Hong Kong dollar		31,850	
BNP PARIBAS FIN INC	4.990	07/03/2006	9,995,589	Japanese yen		149,019	
BNP PARIBAS FIN INC	5.000	08/28/2006	1,883,341	United States dollar		<u>26,608,995</u>	
DEXIA DEL LLC	4.880	07/06/2006	16,385,532				
DEXIA DEL LLC	4.885	07/05/2006	1,598,824	TOTAL INTERNATIONAL MONEY MARKET		39,359,227	
DNB NOR BK ASA	4.960	07/17/2006	498,749				
DNB NOR BK ASA	4.960	07/20/2006	7,876,754	TOTAL SHORT-TERM INVESTMENTS		462,979,732	
HBOS TREAS SVCS PLC	4.980	07/26/2006	1,096,044				
SOCIETE GENERALE NORTH	5.030	08/08/2006	8,452,119	<u>DOMESTIC FIXED INCOME</u>	<u>MATURITY</u>	<u>MARKET</u>	
SOCIETE GENERALE NORTH	4.770	08/22/2006	8,632,768	<u>GOVERNMENT AGENCIES</u>	<u>RATE</u>	<u>DATE</u>	
SOCIETE GENERALE NORTH	5.000	08/24/2006	991,826	FHLB BD	3.625	11/14/2008	
SPINTAB-SWEDMORTGAGE	5.260	08/21/2006	5,458,315	FHLB BD	5.750	05/15/2012	
SVENSKA HANDELSBANKEN	4.890	07/06/2006	7,593,806	FHLB BD	4.500	09/16/2013	
SWEDBANK FORENINGSSPAR	5.230	08/03/2006	12,438,257	FHLB BD	4.500	09/16/2013	
TOYOTA MTR CR CORP	4.940	08/09/2006	16,305,186	FHLB NT	3.875	06/14/2013	
UBS FIN DEL LLC	1.000	07/03/2006	2,298,985	FHLB NT	3.875	06/14/2013	
UBS FIN DEL LLC	4.210	07/07/2006	2,297,633	FHLB PREASSIGN	5.800	09/02/2008	
UBS FIN DEL LLC	1.000	08/08/2006	11,236,346	FHLB TRANCHE # TR 00130	5.250	06/18/2014	
UBS FIN DEL LLC	1.000	08/21/2006	<u>2,183,326</u>	FHLB TRANCHE # TR 00419	5.000	12/21/2015	
TOTAL COMMERCIAL PAPER			139,775,179	FHLB TRANCHE # TR 00562	3.625	06/20/2007	
				FHLB TRANCHE # TR 00895	3.625	01/15/2008	
				FHLMC DEB	2.750	03/15/2008	
<u>TREASURY BILLS</u>		<u>MATURITY</u>	<u>MARKET</u>	FHLMC DEB	6.625	09/15/2009	
<u>AND NOTES</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	FHLMC DEB	7.000	03/15/2010	
FHLB DISC NT		07/03/2006	16,500,000	FHLMC DEB	5.625	03/15/2011	
FHLMC DISC NT		07/05/2006	1,999,400	FHLMC DEB	4.500	01/15/2013	
FHLMC DISC NT		08/01/2006	7,568,080	FHLMC DEB	4.500	01/15/2013	
FNMA DISC NT		07/05/2006	16,495,050	FHLMC DEB	4.875	11/15/2013	
FNMA DISC NT		08/21/2006	5,262,900	FHLMC FREDDIE MAC	4.000	08/17/2007	
UNITED STATES TREAS BILLS		09/21/2006	771,709	FHLMC NT	5.750	04/15/2008	
UNITED STATES TREAS BILLS		07/20/2006	548,881	FHLMC NT	3.625	09/15/2008	
UNITED STATES TREAS BILLS		08/31/2006	362,171	FHLMC NT	3.625	09/15/2008	
UNITED STATES TREAS BILLS		09/14/2006	1,748,038	FHLMC NT	3.375	04/15/2009	
UNITED STATES TREAS BILLS		08/10/2006	<u>6,667,304</u>	FHLMC NT	4.250	07/15/2009	
TOTAL SHORT-TERM BILLS AND NOTES			57,923,532	FHLMC NT	6.875	09/15/2010	
				FHLMC NT	5.750	01/15/2012	
				FHLMC NT	5.125	07/15/2012	
<u>DOMESTIC</u>		<u>MATURITY</u>	<u>MARKET</u>	FHLMC NT	4.500	07/15/2013	
<u>MONEY MARKET</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	FHLMC NT	4.500	07/15/2013	
British pound sterling			103,037	FHLMC NT	4.500	01/15/2014	
Canadian dollar			23,657	FHLMC NT	4.375	07/17/2015	
Euro			1,408,397	FHLMC NT	6.250	07/15/2032	
Japanese yen			322,260	FHLMC PREASSIGN	5.125	04/18/2008	
United States dollar			46,663,445	FHLMC PREASSIGN	5.125	04/18/2011	
MFB NORTHERN INSTITUTIONAL FDS			<u>177,400,997</u>	FHLMC REFERENCE	5.500	09/15/2011	
TOTAL DOMESTIC MONEY MARKET			225,921,793	FNMG CORP	10.350	08/03/2018	
				FNMA	4.250	07/15/2007	
				FNMA	2.125	10/09/2007	
TOTAL DOMESTIC SHORT-TERM			423,620,505			1,873,127	

PORTFOLIO OF ASSETS, JUNE 30, 2006

DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>GOVERNMENT AGENCIES</u>				<u>GOVERNMENT BONDS</u>			
	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>		<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
FNMA	1.750	03/26/2008	1,334,274	UNITED STATES TREAS BD STRIPPE	7.000	11/15/2027	53,195,865
FNMA	6.375	06/15/2009	1,714,586	UNITED STATES TREAS BD STRIPPE	7.000	11/15/2027	173,295
FNMA	6.625	11/15/2010	1,931,298	UNITED STATES TREAS BD STRIPPE	7.500	11/15/2028	8,322,924
FNMA	5.500	03/15/2011	5,302,973	UNITED STATES TREAS BD STRIPPE	8.000	02/15/2029	8,325,990
FNMA	6.000	05/15/2011	1,225,864	UNITED STATES TREAS BD STRIPPE	8.000	05/15/2030	8,341,333
FNMA	5.250	08/01/2012	2,750,432	UNITED STATES TREAS BDS	10.375	11/15/2012	960,539
FNMA	4.375	09/15/2012	4,806,215	UNITED STATES TREAS BDS	12.000	08/15/2013	1,136,367
FNMA	4.375	03/15/2013	4,686,050	UNITED STATES TREAS BDS	13.250	05/15/2014	3,400,468
FNMA	7.250	05/15/2030	1,770,231	UNITED STATES TREAS BDS	12.500	08/15/2014	2,784,707
FNMA NT	3.250	01/15/2008	3,870,036	UNITED STATES TREAS BDS	9.250	02/15/2016	2,218,964
FNMA NT	5.750	02/15/2008	1,505,799	UNITED STATES TREAS BDS	7.250	05/15/2016	1,157,891
FNMA NT	5.250	01/15/2009	4,777,464	UNITED STATES TREAS BDS	7.500	11/15/2016	2,200,030
FNMA NT	5.250	01/15/2009	1,194,366	UNITED STATES TREAS BDS	8.750	05/15/2017	3,638,460
FNMA NT	4.250	05/15/2009	5,038,831	UNITED STATES TREAS BDS	8.875	08/15/2017	2,087,875
FNMA NT	6.625	09/15/2009	2,377,850	UNITED STATES TREAS BDS	8.875	08/15/2017	652,461
FNMA NT	6.625	09/15/2009	4,032,007	UNITED STATES TREAS BDS	8.125	08/15/2019	3,285,312
FNMA NT	4.625	05/01/2013	1,735,846	UNITED STATES TREAS BDS	8.125	08/15/2019	2,658,634
FNMA NT	4.625	10/15/2013	4,832,678	UNITED STATES TREAS BDS	8.750	05/15/2020	5,163,095
FNMA PREASSIGN	4.750	01/02/2007	4,599,811	UNITED STATES TREAS BDS	8.000	11/15/2021	2,174,140
FNMA PREASSIGN	4.000	09/02/2008	6,052,750	UNITED STATES TREAS BDS	7.125	02/15/2023	1,028,909
FNMA PREASSIGN	3.375	12/15/2008	1,810,609	UNITED STATES TREAS BDS	6.250	08/15/2023	7,290,110
FNMA PREASSIGN	3.375	12/15/2008	3,430,627	UNITED STATES TREAS BDS	6.000	02/15/2026	4,137,835
FNMA PREASSIGN	3.250	02/15/2009	4,734,895	UNITED STATES TREAS BDS	6.750	08/15/2026	5,176,186
FNMA PREASSIGN	3.875	02/15/2010	4,742,420	UNITED STATES TREAS BDS	6.625	02/15/2027	8,267,063
FNMA PREASSIGN	6.250	02/01/2011	2,309,528	UNITED STATES TREAS BDS	6.625	02/15/2027	1,688,344
FNMA PREASSIGN	6.250	02/01/2011	1,638,690	UNITED STATES TREAS BDS	6.375	08/15/2027	1,135,078
FNMA PREASSIGN	5.125	01/02/2014	863,753	UNITED STATES TREAS BDS	6.125	11/15/2027	9,476,916
FNMA PREASSIGN	4.125	04/15/2014	4,979,621	UNITED STATES TREAS BDS	5.500	08/15/2028	9,517,010
FNMA PREASSIGN	4.625	10/15/2014	310,969	UNITED STATES TREAS BDS	5.500	08/15/2028	2,013,747
INTER AMERN DEV BK	5.750	02/26/2008	753,593	UNITED STATES TREAS BDS	5.250	11/15/2028	16,545,071
INTL BK FOR RECON & DEV BD	8.625	10/15/2016	366,434	UNITED STATES TREAS BDS	5.250	11/15/2028	796,250
SBA GTD PARTN CTFS	7.540	08/10/2009	719,359	UNITED STATES TREAS BDS	5.250	02/15/2029	16,275,482
SMALL BUSINESS ADMIN	7.190	12/01/2019	1,008,800	UNITED STATES TREAS BDS	5.250	02/15/2029	5,217,075
SMALL BUSINESS ADMIN	7.200	10/01/2019	3,708,101	UNITED STATES TREAS BDS	6.125	08/15/2029	9,499,860
TENN VAL AUTH	5.880	04/01/2036	<u>383,373</u>	UNITED STATES TREAS BDS	6.125	08/15/2029	555,938
				UNITED STATES TREAS BDS	6.250	05/15/2030	2,050,107
<b>TOTAL GOVERNMENT AGENCIES</b>			<b>214,106,361</b>	UNITED STATES TREAS BDS	6.250	05/15/2030	73,623
				UNITED STATES TREAS BDS	5.375	02/15/2031	1,225,806
				UNITED STATES TREAS BDS	5.375	02/15/2031	10,915,264
				UNITED STATES TREAS BDS	4.500	02/15/2036	14,794,577
				UNITED STATES TREAS BDS	4.500	02/15/2036	443,837
				UNITED STATES TREAS BDS	4.500	02/15/2036	744,212
				UNITED STATES TREAS NTS	2.250	02/15/2007	13,661,714
				UNITED STATES TREAS NTS	3.250	08/15/2007	5,234,429
				UNITED STATES TREAS NTS	6.125	08/15/2007	3,682,934
				UNITED STATES TREAS NTS	3.000	11/15/2007	2,184,521
				UNITED STATES TREAS NTS	3.000	02/15/2008	676,348
				UNITED STATES TREAS NTS	3.375	02/15/2008	1,409,332
<b>TOTAL MUNICIPAL BONDS</b>			<b>5,165,123</b>	UNITED STATES TREAS NTS	3.375	02/15/2008	772,703
				UNITED STATES TREAS NTS	3.375	02/15/2008	4,713,972

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET		
<u>GOVERNMENT BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
UNITED STATES TREAS NTS	2.625	05/15/2008		6,684,181	UNITED STATES TREAS NTS	5.125	05/15/2016		4,994,140		
UNITED STATES TREAS NTS	2.625	05/15/2008		1,909,766	UNITED STATES TREAS NTS	5.125	05/15/2016		1,952,709		
UNITED STATES TREAS NTS	5.625	05/15/2008		705,524	UNITED STATES TREAS NTS	6.500	11/15/2026		<u>1,319,266</u>		
UNITED STATES TREAS NTS	4.750	11/15/2008		3,270,482							
UNITED STATES TREAS NTS	3.375	12/15/2008		18,445,203	TOTAL GOVERNMENT BONDS				505,208,435		
UNITED STATES TREAS NTS	3.250	01/15/2009		1,552,764							
UNITED STATES TREAS NTS	4.500	02/15/2009		6,411,933	DOMESTIC FIXED INCOME		MATURITY		MARKET		
UNITED STATES TREAS NTS	3.625	07/15/2009		752,220	<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>		<u>VALUE</u>		
UNITED STATES TREAS NTS	6.000	08/15/2009		4,714,821	FHLMC 30 YEAR GOLD PARTICIPAT	5.500	07/15/2019		18,161,022		
UNITED STATES TREAS NTS	3.375	09/15/2009		3,606,884	FHLMC 30 YEAR GOLD PARTICIPAT	5.500	07/15/2019		20,151,844		
UNITED STATES TREAS NTS	3.500	12/15/2009		4,529,077	FHLMC GOLD 15 YEARS SINGLE FA	6.000	07/15/2019		2,805,264		
UNITED STATES TREAS NTS	3.625	01/15/2010		21,860,423	FHLMC GOLD M80596	7.000	10/01/2006		1,943		
UNITED STATES TREAS NTS	6.500	02/15/2010		1,567,208	FHLMC GOLD E00067	8.500	01/01/2007		213		
UNITED STATES TREAS NTS	4.000	04/15/2010		6,446,660	FHLMC GOLD E39298	7.000	09/01/2007		1,615		
UNITED STATES TREAS NTS	3.875	05/15/2010		301,452	FHLMC GOLD E00185	7.000	01/01/2008		6,925		
UNITED STATES TREAS NTS	4.125	08/15/2010		1,142,507	FHLMC GOLD E0-0268	6.000	12/01/2008		20,534		
UNITED STATES TREAS NTS	5.750	08/15/2010		3,688,452	FHLMC GOLD M80754	5.500	06/01/2009		80,413		
UNITED STATES TREAS NTS	3.875	09/15/2010		7,652,836	FHLMC GOLD E71283	6.500	07/01/2013		15,342		
UNITED STATES TREAS NTS	4.500	11/15/2010		1,269,836	FHLMC GOLD E00598	5.500	12/01/2013		126,893		
UNITED STATES TREAS NTS	4.375	12/15/2010		2,450,661	FHLMC GOLD E00617	5.500	01/01/2014		69,121		
UNITED STATES TREAS NTS	4.375	12/15/2010		145,699	FHLMC GOLD E75927	6.000	03/01/2014		12,279		
UNITED STATES TREAS NTS	5.000	02/15/2011		3,291,879	FHLMC GOLD E77461	6.000	06/01/2014		98,818		
UNITED STATES TREAS NTS	5.000	02/15/2011		928,709	FHLMC GOLD E79851	6.000	08/01/2014		25,703		
UNITED STATES TREAS NTS	4.500	02/28/2011		1,462,617	FHLMC GOLD E78045	7.500	09/01/2014		30,158		
UNITED STATES TREAS NTS	5.000	08/15/2011		1,395,789	FHLMC GOLD E81922	7.000	12/01/2015		20,146		
UNITED STATES TREAS NTS	4.875	02/15/2012		24,052,999	FHLMC GOLD E84440	5.500	07/01/2016		181,701		
UNITED STATES TREAS NTS	4.875	02/15/2012		15,714,217	FHLMC GOLD E85417	6.000	09/01/2016		214,871		
UNITED STATES TREAS NTS	4.875	02/15/2012		3,313,358	FHLMC GOLD E88978	5.500	04/01/2017		362,124		
UNITED STATES TREAS NTS	4.375	08/15/2012		4,809,765	FHLMC GOLD E01139	6.000	04/01/2017		75,691		
UNITED STATES TREAS NTS	4.375	08/15/2012		5,627,425	FHLMC GOLD E92851	5.500	08/01/2017		333,921		
UNITED STATES TREAS NTS	4.000	11/15/2012		390,068	FHLMC GOLD E90803	6.500	08/01/2017		223,489		
UNITED STATES TREAS NTS	3.875	02/15/2013		3,211,464	FHLMC GOLD E01280	5.000	12/01/2017		790,976		
UNITED STATES TREAS NTS	3.625	05/15/2013		4,116,272	FHLMC GOLD E93956	5.000	01/01/2018		336,984		
UNITED STATES TREAS NTS	4.250	08/15/2013		2,277,000	FHLMC GOLD E01322	5.000	03/01/2018		927,707		
UNITED STATES TREAS NTS	4.250	08/15/2013		4,104,293	FHLMC GOLD E01377	4.500	05/01/2018		438,598		
UNITED STATES TREAS NTS	4.250	11/15/2013		2,838,984	FHLMC GOLD G1-2143	5.000	11/01/2020		11,922,598		
UNITED STATES TREAS NTS	4.000	02/15/2014		427,333	FHLMC GOLD G1-2143	5.000	11/01/2020		3,706,507		
UNITED STATES TREAS NTS	4.000	02/15/2014		4,644,920	FHLMC GOLD D05867	9.000	06/01/2021		5,096		
UNITED STATES TREAS NTS	4.000	02/15/2014		1,658,236	FHLMC GOLD C00078	9.000	11/01/2021		2,458		
UNITED STATES TREAS NTS	4.750	05/15/2014		702,366	FHLMC GOLD C00109	8.000	04/01/2022		26,125		
UNITED STATES TREAS NTS	4.250	08/15/2014		1,657,494	FHLMC GOLD D18415	9.000	05/01/2022		3,056		
UNITED STATES TREAS NTS	4.250	11/15/2014		470,235	FHLMC GOLD D95457	6.000	06/01/2022		139,233		
UNITED STATES TREAS NTS	4.250	11/15/2014		4,702,345	FHLMC GOLD C90561	6.500	07/01/2022		122,611		
UNITED STATES TREAS NTS	4.000	02/15/2015		4,607,420	FHLMC GOLD C90580	6.000	09/01/2022		489,933		
UNITED STATES TREAS NTS	4.125	05/15/2015		529,276	FHLMC GOLD C90645	5.500	03/01/2023		263,053		
UNITED STATES TREAS NTS	4.125	05/15/2015		4,642,775	FHLMC GOLD C0-0249	7.000	07/01/2023		41,515		
UNITED STATES TREAS NTS	4.125	05/15/2015		11,718,364	FHLMC GOLD D66964	7.000	01/01/2026		19,990		
UNITED STATES TREAS NTS	4.500	11/15/2015		4,667,250	FHLMC GOLD D68850	6.500	03/01/2026		21,368		
UNITED STATES TREAS NTS	4.500	02/15/2016		4,757,030	FHLMC GOLD G00726	8.000	06/01/2027		41,891		
UNITED STATES TREAS NTS	4.500	02/15/2016		2,031,252	FHLMC GOLD C00571	8.000	12/01/2027		26,270		

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
MORTGAGE BACKED		MATURITY	MARKET	MORTGAGE BACKED		MATURITY	MARKET
	RATE	DATE	VALUE		RATE	DATE	VALUE
FHLMC GOLD D86891	6.500	03/01/2028	55,069	FHLMC GROUP E20037	7.000	07/01/2008	14,889
FHLMC GOLD C14210	6.000	08/01/2028	66,600	FHLMC GROUP E00548	6.500	05/01/2013	89,430
FHLMC GOLD C09678	7.000	11/01/2028	111,482	FHLMC GROUP C00206	7.500	01/01/2023	12,678
FHLMC GOLD C00689	6.500	12/01/2028	63,531	FHLMC GROUP C00262	7.000	10/01/2023	67,566
FHLMC GOLD C20716	6.000	01/01/2029	238,312	FHLMC GROUP C80091	6.500	01/01/2024	85,721
FHLMC GOLD C22344	6.000	02/01/2029	58,286	FHLMC GROUP C00294	6.500	02/01/2024	66,522
FHLMC GOLD C0-0748	6.000	04/01/2029	80,154	FHLMC GROUP C00449	7.000	03/01/2026	20,904
FHLMC GOLD C00742	6.500	04/01/2029	78,120	FHLMC GROUP G00544	8.500	10/01/2026	37,772
FHLMC GOLD C26666	6.000	05/01/2029	157,345	FHLMC GROUP C00495	7.000	01/01/2027	12,414
FHLMC GOLD C27966	7.000	06/01/2029	41,742	FHLMC MULTICLASS	3.500	06/15/2013	1,155,161
FHLMC GOLD C00835	6.500	07/01/2029	43,117	FHLMC MULTICLASS	5.000	09/15/2016	456,549
FHLMC GOLD C28734	6.500	07/01/2029	107,963	FHLMC MULTICLASS	4.500	03/01/2018	275,909
FHLMC GOLD C00844	7.000	08/01/2029	45,124	FHLMC MULTICLASS	5.000	05/15/2019	2,046,544
FHLMC GOLD C32914	8.000	11/01/2029	5,299	FHLMC MULTICLASS	5.549	12/15/2029	454,532
FHLMC GOLD C00922	8.000	02/01/2030	18,254	FHLMC MULTICLASS	5.411	07/25/2044	6,339,772
FHLMC GOLD C37118	7.500	03/01/2030	1,231	FHLMC MULTICLASS	5.211	10/25/2044	1,166,805
FHLMC GOLD C37515	7.500	04/01/2030	7,886	FHLMC MULTICLASS PREASSIGN 00	4.375	04/15/2015	7,493,227
FHLMC GOLD C41900	7.500	09/01/2030	51,185	FHLMC MULTICLASS PREASSIGN 00	3.500	07/15/2032	237,511
FHLMC GOLD C42218	7.500	09/01/2030	5,062	FHLMC POOL #M90831	4.000	08/01/2008	228,579
FHLMC GOLD C01095	7.000	11/01/2030	20,611	FHLMC POOL #170037	13.500	10/01/2010	8,713
FHLMC GOLD C44563	7.000	11/01/2030	42,139	FHLMC POOL #170037	13.500	10/01/2010	0
FHLMC GOLD C48204	7.000	02/01/2031	30,286	FHLMC POOL #M8-0864	4.000	11/01/2010	325,433
FHLMC GOLD C01166	6.000	04/01/2031	62,954	FHLMC POOL #170043	12.500	02/01/2011	0
FHLMC GOLD C01183	6.000	05/01/2031	87,435	FHLMC POOL #170043	12.500	02/01/2011	7,120
FHLMC GOLD C53589	6.500	06/01/2031	63,145	FHLMC POOL #251477	12.500	02/01/2014	0
FHLMC GOLD C58215	6.500	09/01/2031	87,407	FHLMC POOL #251477	12.500	02/01/2014	40,061
FHLMC GOLD C59947	6.500	11/01/2031	68,044	FHLMC POOL #170102	13.500	10/01/2014	47,970
FHLMC GOLD C01272	6.000	12/01/2031	210,233	FHLMC POOL #170102	13.500	10/01/2014	0
FHLMC GOLD C61792	7.000	12/01/2031	55,250	FHLMC POOL #271900	13.000	09/01/2015	0
FHLMC GOLD C01286	6.000	01/01/2032	124,755	FHLMC POOL #271900	13.000	09/01/2015	23,217
FHLMC GOLD C01292	6.000	02/01/2032	177,926	FHLMC POOL #170195	9.000	10/01/2016	891
FHLMC GOLD C63581	6.000	02/01/2032	310,378	FHLMC POOL #E91063	6.000	08/01/2017	246,126
FHLMC GOLD C68004	7.000	06/01/2032	116,028	FHLMC POOL #E93562	5.500	12/01/2017	52,590
FHLMC GOLD C69856	6.500	08/01/2032	121,727	FHLMC POOL #E93476	5.000	01/01/2018	391,736
FHLMC GOLD C70092	6.500	08/01/2032	179,714	FHLMC POOL #360021	10.000	02/01/2018	1,400
FHLMC GOLD C01410	6.000	10/01/2032	206,473	FHLMC POOL #E9-5470	4.500	04/01/2018	668,060
FHLMC GOLD C71734	6.500	10/01/2032	89,300	FHLMC POOL #E95694	5.000	04/01/2018	861,489
FHLMC GOLD C01428	5.500	11/01/2032	708,297	FHLMC POOL #E95694	5.000	04/01/2018	176,529
FHLMC GOLD C72911	6.000	11/01/2032	326,931	FHLMC POOL #E97298	4.500	06/01/2018	1,093,797
FHLMC GOLD C0-1501	5.500	03/01/2033	1,386,800	FHLMC POOL #308327	8.500	06/01/2018	3,748
FHLMC GOLD C76773	5.500	03/01/2033	557,473	FHLMC POOL #304659	9.000	06/01/2018	3,311
FHLMC GOLD G0-8105	5.500	01/01/2036	940,326	FHLMC POOL #E0-1418	4.000	07/01/2018	700,265
FHLMC GOLD G0-8105	5.500	01/01/2036	2,800,101	FHLMC POOL #308326	9.500	07/01/2018	1,327
FHLMC GOLD SINGLE FAMILY	5.500	0001-01-01	13,943,730	FHLMC POOL #E98671	4.500	08/01/2018	4,053,770
FHLMC GOLD SINGLE FAMILY	5.500	0001-01-01	16,325,304	FHLMC POOL #G11467	4.000	09/01/2018	328,508
FHLMC GOLD SINGLE FAMILY	5.500	0001-01-01	3,841,248	FHLMC POOL #E9-9010	4.500	09/01/2018	504,666
FHLMC GOLD TBA POOL. 9999999	6.500	07/15/2033	2,141,981	FHLMC POOL #B1-0767	4.000	10/01/2018	456,963
FHLMC GOLD TBA POOL. 9999999	6.500	0001-01-01	2,148,688	FHLMC POOL #B10170	4.500	10/01/2018	639,788
FHLMC GOLD TBA POOL. 9999999	6.500	0001-01-01	5,020,300	FHLMC POOL #B10673	4.500	11/01/2018	331,102
FHLMC GROUP E20015	7.000	03/01/2008	6,369	FHLMC POOL #B1-0742	4.500	11/01/2018	925,537

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>	<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
FHLMC POOL #E0-1490	5.000	11/01/2018	5,384,306	FHLMC POOL #D96374	5.000	10/01/2023	366,650
FHLMC POOL #B12461	5.500	11/01/2018	1,853,467	FHLMC POOL #D9-6476	5.000	03/01/2024	131,468
FHLMC POOL #308457	10.000	11/01/2018	2,136	FHLMC POOL #C9-0830	4.500	05/01/2024	77,118
FHLMC POOL #B1-2023	5.000	01/01/2019	548,285	FHLMC POOL #C9-0923	4.500	10/01/2025	329,154
FHLMC POOL #B1-3801	4.500	04/01/2019	209,740	FHLMC POOL #C9-0924	5.000	10/01/2025	754,289
FHLMC POOL #E0-1606	4.500	04/01/2019	419,039	FHLMC POOL #C10246	6.000	05/01/2028	21,986
FHLMC POOL #B1-3238	5.000	04/01/2019	253,413	FHLMC POOL #789272	5.707	04/01/2032	1,087,918
FHLMC POOL #E01647	4.000	05/01/2019	220,553	FHLMC POOL #789570	5.920	07/01/2032	305,085
FHLMC POOL #B1-4180	4.500	05/01/2019	323,420	FHLMC POOL #A1-4012	6.500	11/01/2032	456,350
FHLMC POOL #544194	8.500	05/01/2019	1,423	FHLMC POOL #C7-5066	6.000	12/01/2032	304,992
FHLMC POOL #B1-4981	4.500	06/01/2019	157,074	FHLMC POOL #C0-1498	7.000	12/01/2032	655,213
FHLMC POOL #B1-5090	4.500	06/01/2019	448,925	FHLMC POOL #A1-0141	5.000	06/01/2033	700,728
FHLMC POOL #E0-1653	4.500	06/01/2019	2,085,910	FHLMC POOL #C7-9885	5.500	06/01/2033	458,154
FHLMC POOL #B15150	5.500	06/01/2019	1,156,634	FHLMC POOL #G0-1563	5.500	06/01/2033	1,132,652
FHLMC POOL #B1-5658	4.000	07/01/2019	2,156,485	FHLMC POOL #A11745	4.500	08/01/2033	375,010
FHLMC POOL #G1-8009	5.000	09/01/2019	418,937	FHLMC POOL #C0-1598	5.000	08/01/2033	874,419
FHLMC POOL #B1-6496	5.500	09/01/2019	304,451	FHLMC POOL #C0-1622	5.000	09/01/2033	1,216,874
FHLMC POOL #B1-6497	5.500	09/01/2019	703,928	FHLMC POOL #A1-3331	5.500	09/01/2033	165,586
FHLMC POOL #B1-7032	5.500	10/01/2019	347,421	FHLMC POOL #C0-1623	5.500	09/01/2033	286,863
FHLMC POOL #G1-8020	4.500	11/01/2019	203,864	FHLMC POOL #A1-3466	6.500	09/01/2033	155,176
FHLMC POOL #261046	9.500	11/01/2019	16,828	FHLMC POOL #A1-4481	4.500	10/01/2033	71,634
FHLMC POOL #B1-4561	5.000	01/01/2020	1,953,154	FHLMC POOL #C0-1648	5.000	10/01/2033	1,543,127
FHLMC POOL #560098	9.500	03/01/2020	4,077	FHLMC POOL #C0-1673	5.000	11/01/2033	1,111,092
FHLMC POOL #G1-8048	5.000	04/01/2020	217,775	FHLMC POOL #A1-5478	5.500	11/01/2033	470,517
FHLMC POOL #G1-8048	5.000	04/01/2020	1,365,283	FHLMC POOL #A1-5666	6.500	11/01/2033	118,205
FHLMC POOL #J0-2022	5.500	06/01/2020	222,810	FHLMC POOL #78-1176	4.201	01/01/2034	2,903,398
FHLMC POOL #G11771	6.000	06/01/2020	2,517,652	FHLMC POOL #C0-1754	5.500	01/01/2034	1,282,711
FHLMC POOL #B1-9426	5.000	07/01/2020	178,158	FHLMC POOL #A1-9399	5.500	03/01/2034	661,230
FHLMC POOL #G1-1742	5.000	07/01/2020	1,521,670	FHLMC POOL #A2-0913	5.500	04/01/2034	883,429
FHLMC POOL #G1-8065	5.000	07/01/2020	4,133,331	FHLMC POOL #A2-1538	5.500	05/01/2034	169,640
FHLMC POOL #B1-9563	5.500	07/01/2020	320,903	FHLMC POOL #A2-3630	5.000	06/01/2034	1,044,475
FHLMC POOL #G1-8069	5.000	08/01/2020	176,466	FHLMC POOL #A2-3804	5.500	06/01/2034	753,887
FHLMC POOL #J0-0042	4.500	09/01/2020	213,200	FHLMC POOL #A2-4430	5.000	07/01/2034	871,756
FHLMC POOL #G11769	5.000	10/01/2020	1,218,539	FHLMC POOL #A2-6105	7.500	07/01/2034	118,738
FHLMC POOL #G1-1834	5.500	10/01/2020	1,057,172	FHLMC POOL #A2-5380	4.500	08/01/2034	168,354
FHLMC POOL #360122	9.500	10/01/2020	3,002	FHLMC POOL #G0-8004	5.000	08/01/2034	1,348,536
FHLMC POOL #G1-1880	5.000	12/01/2020	1,497,693	FHLMC POOL #G0-8005	5.500	08/01/2034	316,901
FHLMC POOL #J0-0986	5.500	01/01/2021	1,874,434	FHLMC POOL #A2-6073	6.000	08/01/2034	212,509
FHLMC POOL #J0-1270	5.500	02/01/2021	2,801,668	FHLMC POOL #A2-6271	5.500	09/01/2034	549,872
FHLMC POOL #J0-1393	5.500	03/01/2021	465,467	FHLMC POOL #A2-7420	6.000	10/01/2034	584,790
FHLMC POOL #G1-8110	5.500	04/01/2021	3,849,508	FHLMC POOL #G08016	6.000	10/01/2034	268,034
FHLMC POOL #J0-1531	5.500	04/01/2021	2,101,711	FHLMC POOL #G0-8020	5.000	11/01/2034	1,289,320
FHLMC POOL #J0-1923	5.000	05/01/2021	3,243,727	FHLMC POOL #G01760	4.500	12/01/2034	2,533,137
FHLMC POOL #554845	8.500	05/01/2021	5,221	FHLMC POOL #A29295	5.000	12/01/2034	232,317
FHLMC POOL #J0-1992	5.000	06/01/2021	6,063,939	FHLMC POOL #A30207	5.000	12/01/2034	132,151
FHLMC POOL #G1-2191	5.500	06/01/2021	10,888,768	FHLMC POOL #A3-3037	5.500	01/01/2035	228,292
FHLMC POOL #554866	8.500	06/01/2021	4,168	FHLMC POOL #G08036	5.500	01/01/2035	815,069
FHLMC POOL #D9-3897	5.500	03/01/2023	807,228	FHLMC POOL #A3-3358	5.000	02/01/2035	249,250
FHLMC POOL #C90654	5.500	04/01/2023	495,168	FHLMC POOL #1B2141	4.317	03/01/2035	1,530,973
FHLMC POOL #C9-0690	5.000	07/01/2023	428,947	FHLMC POOL #A3-2017	6.500	03/01/2035	119,949

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
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FHLMC POOL #G0-1795	4.500	04/01/2035	334,176	FNMA 30 YEARS SINGLE FAMILY M	5.000	0001-01-01	1,447,796
FHLMC POOL #A3-2368	5.000	04/01/2035	148,500	FNMA 30 YEARS SINGLE FAMILY M	5.000	0001-01-01	2,710,595
FHLMC POOL #A3-2383	5.500	04/01/2035	568,896	FNMA 30 YEAR PASS-THROUGHS	6.000	0001-01-01	9,732,938
FHLMC POOL #G0-8053	6.000	04/01/2035	623,360	FNMA POOL #050505	8.000	11/01/2006	140
FHLMC POOL #A3-2893	5.000	05/01/2035	1,033,448	FNMA POOL #050577	8.000	03/01/2007	735
FHLMC POOL #A32950	5.500	05/01/2035	1,018,652	FNMA POOL #164977	8.000	08/01/2007	1,032
FHLMC POOL #G0-1812	5.500	05/01/2035	10,972,086	FNMA POOL #180152	6.500	09/01/2007	3,636
FHLMC POOL #G08062	5.000	06/01/2035	9,433,569	FNMA POOL #050659	7.000	11/01/2007	7,322
FHLMC POOL #A4-6044	5.000	07/01/2035	5,592,931	FNMA POOL #050682	7.000	01/01/2008	5,580
FHLMC POOL #A4-6224	5.000	07/01/2035	2,254,204	FNMA POOL #220521	6.500	06/01/2008	11,310
FHLMC POOL #G0-8068	5.500	07/01/2035	304,664	FNMA POOL #050951	6.000	12/01/2008	30,216
FHLMC POOL #A3-6993	4.500	08/01/2035	175,299	FNMA POOL #050952	6.500	12/01/2008	23,055
FHLMC POOL #A36376	5.000	08/01/2035	742,492	FNMA POOL #263199	6.000	01/01/2009	30,026
FHLMC POOL #G0-8072	5.000	08/01/2035	749,001	FNMA POOL #346121	6.500	03/01/2009	40,191
FHLMC POOL #G0-8073	5.500	08/01/2035	633,009	FNMA POOL #254837	4.500	07/01/2010	301,807
FHLMC POOL #A3-7327	4.500	09/01/2035	192,550	FNMA POOL #255513	4.000	09/01/2011	272,211
FHLMC POOL #A3-7175	5.000	09/01/2035	1,078,312	FNMA POOL #313589	6.500	09/01/2011	20,735
FHLMC POOL #A37648	5.000	09/01/2035	141,770	FNMA POOL #251427	6.500	01/01/2013	122,015
FHLMC POOL #A4-7039	5.000	09/01/2035	669,305	FNMA POOL #418164	6.000	03/01/2013	157,111
FHLMC POOL #G0-8080	5.500	09/01/2035	456,614	FNMA POOL #400030	6.500	03/01/2013	160,606
FHLMC POOL #A3-8024	5.000	10/01/2035	229,632	FNMA POOL #418165	6.500	03/01/2013	28,184
FHLMC POOL #11-1243	5.000	11/01/2035	7,381,989	FNMA POOL #420676	6.000	04/01/2013	41,853
FHLMC POOL #A4-2998	5.000	11/01/2035	302,676	FNMA POOL #432294	6.500	06/01/2013	161,441
FHLMC POOL #A3-9300	5.500	11/01/2035	445,609	FNMA POOL #440868	6.000	11/01/2013	27,949
FHLMC POOL #A4-0564	4.500	12/01/2035	226,223	FNMA POOL #323447	6.000	12/01/2013	40,539
FHLMC POOL #G0-8099	5.000	12/01/2035	735,690	FNMA POOL #009152	12.500	12/01/2013	2,218
FHLMC POOL #A4-1965	5.000	01/01/2036	336,963	FNMA POOL #488806	5.500	02/01/2014	260,016
FHLMC POOL #A4-3373	5.500	02/01/2036	283,906	FNMA POOL #459280	6.000	02/01/2014	111,791
FHLMC POOL #A4-2669	6.000	02/01/2036	429,896	FNMA POOL #496995	6.000	05/01/2014	36,463
FHLMC POOL #A4-8333	7.000	02/01/2036	225,124	FNMA POOL #499803	5.500	06/01/2014	93,900
FHLMC POOL #A4-3941	5.500	03/01/2036	428,955	FNMA POOL #323788	6.500	06/01/2014	114,291
FHLMC POOL #G0-8116	5.500	03/01/2036	381,105	FNMA POOL #491031	6.000	07/01/2014	20,081
FHLMC POOL #G0-2109	6.000	03/01/2036	769,443	FNMA POOL #253192	7.000	04/01/2015	60,338
FHLMC POOL #A4-3421	6.500	03/01/2036	221,079	FNMA POOL #533377	8.000	06/01/2015	76,096
FHLMC POOL #G0-2163	5.000	04/01/2036	277,057	FNMA POOL #387478	4.639	07/01/2015	3,768,933
FHLMC POOL #A4-9062	5.000	05/01/2036	3,451,182	FNMA POOL #562314	7.000	01/01/2016	499,393
FHLMC POOL #A4-8600	5.500	05/01/2036	479,412	FNMA POOL #533777	5.500	03/01/2016	81,787
FHLMC POOL #G0-8129	6.000	05/01/2036	319,061	FNMA POOL #253703	6.500	03/01/2016	21,458
FHLMC POOL #A4-9922	5.500	06/01/2036	230,530	FNMA POOL #253845	6.000	06/01/2016	844,601
FHLMC POOL #A4-9344	6.000	06/01/2036	590,497	FNMA POOL #595602	6.500	07/01/2016	67,783
FHLMC POOL #A5-0785	5.500	07/01/2036	172,491	FNMA POOL #598276	6.500	07/01/2016	12,863
FNMA 15 YEARS SINGLE FAMILY M	6.000	07/15/2019	2,137,323	FNMA POOL #609058	5.500	09/01/2016	315,171
FNMA 15 YEARS SINGLE FAMILY M	6.000	0001-01-01	10,114,125	FNMA POOL #596510	6.500	09/01/2016	57,566
FNMA 15 YEARS SINGLE FAMILY M	5.000	0001-01-01	20,700,458	FNMA POOL #569244	6.500	10/01/2016	28,024
FNMA 30 YEAR PASS-THROUGHS	5.500	07/15/2034	393,728	FNMA POOL #616140	5.500	12/01/2016	69,378
FNMA 30 YEAR PASS-THROUGHS	5.500	07/15/2034	48,015,600	FNMA POOL #254090	6.500	12/01/2016	201,646
FNMA 30 YEAR PASS-THROUGHS	5.500	07/15/2034	108,035,100	FNMA POOL #618079	6.500	12/01/2016	34,949
FNMA 30 YEARS SINGLE FAMILY M	6.000	07/15/2034	12,792,806	FNMA POOL #631323	5.500	02/01/2017	356,985
FNMA 30 YEAR PASS-THROUGHS	6.500	07/15/2036	2,793,900	FNMA POOL #545449	6.500	02/01/2017	78,297
FNMA 30 YEAR PASS-THROUGHS	6.500	07/15/2036	11,055,000	FNMA POOL #632852	6.500	02/01/2017	28,640

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET		
<u>MORTGAGE BACKED</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>MORTGAGE BACKED</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FNMA POOL #254235	6.000	03/01/2017	201,289	FNMA POOL #820906	5.000	04/01/2020	274,199				
FNMA POOL #254236	6.500	03/01/2017	72,581	FNMA POOL #838875	5.500	06/01/2020	177,422				
FNMA POOL #627421	6.500	03/01/2017	237,936	FNMA POOL #253342	7.000	06/01/2020	51,709				
FNMA POOL #634773	6.500	03/01/2017	28,824	FNMA POOL #050308	9.500	06/01/2020	1,471				
FNMA POOL #632867	6.500	04/01/2017	73,941	FNMA POOL #829017	4.500	07/01/2020	505,493				
FNMA POOL #545732	5.500	05/01/2017	1,902,952	FNMA POOL #255765	5.000	07/01/2020	380,599				
FNMA POOL #357279	6.000	05/01/2017	111,329	FNMA POOL #357922	5.000	08/01/2020	181,525				
FNMA POOL #254343	6.500	06/01/2017	179,471	FNMA POOL #826607	5.000	08/01/2020	2,173,036				
FNMA POOL #313324	9.000	06/01/2017	107,841	FNMA POOL #833813	5.000	09/01/2020	3,729,042				
FNMA POOL #660982	6.500	07/01/2017	96,491	FNMA POOL #840574	4.500	10/01/2020	397,043				
FNMA POOL #254403	6.000	08/01/2017	227,705	FNMA POOL #822555	5.000	10/01/2020	460,830				
FNMA POOL #659261	6.500	08/01/2017	37,156	FNMA POOL #833503	5.000	10/01/2020	4,213,621				
FNMA POOL #668036	5.000	10/01/2017	382,620	FNMA POOL #050353	9.500	10/01/2020	1,731				
FNMA POOL #062424	9.500	11/01/2017	12,289	FNMA POOL #112137	9.500	12/01/2020	7,119				
FNMA POOL #672943	5.000	12/01/2017	706,880	FNMA POOL #745406	6.000	03/01/2021	4,534,854				
FNMA POOL #674637	5.000	01/01/2018	389,955	FNMA POOL #561587	6.500	09/01/2021	119,645				
FNMA POOL #684782	5.000	02/01/2018	359,786	FNMA POOL #254544	6.000	11/01/2022	1,283,348				
FNMA POOL #685463	5.000	03/01/2018	561,229	FNMA POOL #0050656	7.500	11/01/2022	34,136				
FNMA POOL #254719	4.500	04/01/2018	1,310,305	FNMA POOL #555198	6.000	01/01/2023	755,148				
FNMA POOL #254685	5.000	04/01/2018	442,612	FNMA POOL #050688	8.000	02/01/2023	38,980				
FNMA POOL #080469	9.500	04/01/2018	898	FNMA POOL #696188	5.500	04/01/2023	418,610				
FNMA POOL #695893	4.500	05/01/2018	623,335	FNMA POOL #254764	5.500	06/01/2023	1,115,221				
FNMA POOL #705709	5.000	05/01/2018	1,407,048	FNMA POOL #254831	5.000	08/01/2023	624,783				
FNMA POOL #323129	6.000	05/01/2018	36,780	FNMA POOL #254915	4.500	09/01/2023	276,176				
FNMA POOL #726251	4.500	07/01/2018	685,436	FNMA POOL #255030	5.500	12/01/2023	188,537				
FNMA POOL #254803	5.000	07/01/2018	1,042,104	FNMA POOL #245598	7.000	12/01/2023	85,583				
FNMA POOL #727370	4.800	08/01/2018	480,812	FNMA POOL #267733	6.500	01/01/2024	41,151				
FNMA POOL #711995	4.000	09/01/2018	1,202,891	FNMA POOL #255075	5.500	02/01/2024	911,435				
FNMA POOL #723406	4.500	09/01/2018	671,151	FNMA POOL #250005	7.000	04/01/2024	36,607				
FNMA POOL #740543	4.000	10/01/2018	313,396	FNMA POOL #255226	5.000	05/01/2024	108,717				
FNMA POOL #254906	4.500	10/01/2018	392,987	FNMA POOL #330358	6.000	05/01/2024	305,872				
FNMA POOL #752177	4.500	10/01/2018	319,040	FNMA POOL #250059	7.000	06/01/2024	32,319				
FNMA POOL #629986	5.000	11/01/2018	570,328	FNMA POOL #287411	7.500	07/01/2024	33,654				
FNMA POOL #754052	4.500	12/01/2018	913,536	FNMA POOL #255362	6.000	08/01/2024	190,823				
FNMA POOL #050150	9.500	12/01/2018	4,446	FNMA POOL #291648	7.500	08/01/2024	7,075				
FNMA POOL #759232	5.500	01/01/2019	434,659	FNMA POOL #250188	8.000	01/01/2025	32,568				
FNMA POOL #769583	4.000	04/01/2019	48,279	FNMA POOL #303273	8.000	05/01/2025	70,123				
FNMA POOL #780952	4.000	05/01/2019	176,600	FNMA POOL #250284	8.000	06/01/2025	33,074				
FNMA POOL #782531	4.000	05/01/2019	601,323	FNMA POOL #303683	6.500	08/01/2025	235,494				
FNMA POOL #777209	4.500	05/01/2019	368,879	FNMA POOL #415850	6.000	09/01/2025	144,589				
FNMA POOL #782359	5.000	05/01/2019	1,360,295	FNMA POOL #337790	6.500	02/01/2026	39,055				
FNMA POOL #255272	4.000	06/01/2019	293,640	FNMA POOL #250460	7.000	02/01/2026	34,900				
FNMA POOL #747860	4.500	06/01/2019	3,642,527	FNMA POOL #256153	5.500	03/01/2026	572,428				
FNMA POOL #787874	4.500	07/01/2019	300,255	FNMA POOL #303933	6.500	06/01/2026	25,733				
FNMA POOL #782610	5.500	07/01/2019	261,887	FNMA POOL #250576	7.000	06/01/2026	20,685				
FNMA POOL #784025	5.500	07/01/2019	746,126	FNMA POOL #364470	7.500	12/01/2026	9,678				
FNMA POOL #516803	6.000	08/01/2019	12,149	FNMA POOL #377354	7.500	05/01/2027	17,354				
FNMA POOL #725793	5.500	09/01/2019	158,892	FNMA POOL #250972	8.000	06/01/2027	17,980				
FNMA POOL #797200	5.500	09/01/2019	278,500	FNMA POOL #313644	7.000	08/01/2027	181,669				
FNMA POOL #797863	4.500	02/01/2020	278,086	FNMA POOL #397073	7.000	09/01/2027	28,832				

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FNMA POOL #395447	7.000	01/01/2028	12,033	FNMA POOL #545490	7.500	03/01/2032	385,790
FNMA POOL #415664	6.500	03/01/2028	106,860	FNMA POOL #545723	7.000	04/01/2032	199,915
FNMA POOL #416128	6.500	03/01/2028	81,879	FNMA POOL #636697	6.000	05/01/2032	45,594
FNMA POOL #423025	6.500	04/01/2028	76,734	FNMA POOL #545759	6.500	07/01/2032	285,857
FNMA POOL #411402	6.000	05/01/2028	33,517	FNMA POOL #670405	6.500	07/01/2032	169,340
FNMA POOL #743382	7.500	07/01/2028	43,432	FNMA POOL #254405	6.000	08/01/2032	517,975
FNMA POOL #251898	6.500	08/01/2028	55,150	FNMA POOL #545819	6.500	08/01/2032	89,885
FNMA POOL #440441	6.500	08/01/2028	37,405	FNMA POOL #655681	6.500	08/01/2032	238,796
FNMA POOL #433576	6.500	09/01/2028	200,547	FNMA POOL #672785	6.000	09/01/2032	79,924
FNMA POOL #440444	6.500	09/01/2028	25,053	FNMA POOL #661629	6.000	10/01/2032	113,008
FNMA POOL #251971	7.500	09/01/2028	57,317	FNMA POOL #555144	7.000	10/01/2032	172,984
FNMA POOL #251985	6.500	10/01/2028	33,525	FNMA POOL #254560	5.000	11/01/2032	712,744
FNMA POOL #440657	6.500	10/01/2028	30,864	FNMA POOL #545998	6.000	11/01/2032	148,312
FNMA POOL #446636	6.500	10/01/2028	48,703	FNMA POOL #673572	6.000	11/01/2032	1,037,390
FNMA POOL #252093	6.500	11/01/2028	46,205	FNMA POOL #676101	5.500	12/01/2032	258,321
FNMA POOL #451118	6.500	11/01/2028	24,500	FNMA POOL #676682	6.000	12/01/2032	384,328
FNMA POOL #452372	6.000	12/01/2028	451,145	FNMA POOL #555254	6.500	01/01/2033	770,278
FNMA POOL #455837	6.000	12/01/2028	227,377	FNMA POOL #555262	6.500	01/01/2033	784,765
FNMA POOL #498551	5.500	05/01/2029	81,107	FNMA POOL #686575	5.500	02/01/2033	422,328
FNMA POOL #494927	6.500	06/01/2029	72,445	FNMA POOL #689741	5.500	02/01/2033	904,159
FNMA POOL #504545	6.500	06/01/2029	25,464	FNMA POOL #686599	5.500	03/01/2033	2,914,267
FNMA POOL #505592	6.500	07/01/2029	106,904	FNMA POOL #696784	5.500	04/01/2033	254,127
FNMA POOL #509659	6.000	08/01/2029	116,322	FNMA POOL #703328	5.500	04/01/2033	403,305
FNMA POOL #323919	6.273	08/01/2029	375,105	FNMA POOL #555528	6.000	04/01/2033	177,086
FNMA POOL #499292	6.500	08/01/2029	69,120	FNMA POOL #701031	5.000	05/01/2033	129,454
FNMA POOL #499283	7.000	08/01/2029	32,815	FNMA POOL #704235	5.500	05/01/2033	2,069,724
FNMA POOL #515934	7.000	09/01/2029	33,672	FNMA POOL #555436	6.000	05/01/2033	453,375
FNMA POOL #252806	7.500	10/01/2029	119,844	FNMA POOL #689070	5.000	06/01/2033	1,014,253
FNMA POOL #252872	6.500	11/01/2029	287,632	FNMA POOL #711574	5.000	06/01/2033	263,421
FNMA POOL #517232	7.500	11/01/2029	22,770	FNMA POOL #254767	5.500	06/01/2033	1,715,287
FNMA POOL #529171	7.000	02/01/2030	14,679	FNMA POOL #555531	5.500	06/01/2033	953,183
FNMA POOL #537237	7.500	05/01/2030	9,388	FNMA POOL #555531	5.500	06/01/2033	3,092,292
FNMA POOL #253355	7.500	07/01/2030	19,945	FNMA POOL #735209	6.500	06/01/2033	603,629
FNMA POOL #552640	8.000	09/01/2030	10,583	FNMA POOL #709307	5.500	07/01/2033	270,769
FNMA POOL #556798	9.000	10/01/2030	43,084	FNMA POOL #726891	5.500	07/01/2033	1,079,239
FNMA POOL #560724	7.000	11/01/2030	43,820	FNMA POOL #737204	5.500	08/01/2033	1,078,018
FNMA POOL #574031	6.000	05/01/2031	54,679	FNMA POOL #730576	6.500	08/01/2033	82,796
FNMA POOL #579307	6.500	05/01/2031	123,824	FNMA POOL #744013	4.500	09/01/2033	1,291,700
FNMA POOL #584927	6.500	05/01/2031	44,706	FNMA POOL #254868	5.000	09/01/2033	1,248,403
FNMA POOL #582978	6.500	06/01/2031	70,826	FNMA POOL #697253	5.000	09/01/2033	635,720
FNMA POOL #606116	5.932	09/01/2031	91,795	FNMA POOL #738387	5.500	09/01/2033	206,463
FNMA POOL #609865	6.500	10/01/2031	162,718	FNMA POOL #739974	5.500	09/01/2033	352,844
FNMA POOL #609596	6.500	11/01/2031	57,127	FNMA POOL #747171	5.500	09/01/2033	199,371
FNMA POOL #545278	7.500	11/01/2031	66,986	FNMA POOL #738748	6.500	09/01/2033	264,761
FNMA POOL #617275	5.500	01/01/2032	288,849	FNMA POOL #738611	4.500	10/01/2033	513,584
FNMA POOL #254146	6.000	01/01/2032	407,770	FNMA POOL #741907	4.500	10/01/2033	277,208
FNMA POOL #625184	6.000	01/01/2032	478,424	FNMA POOL #254903	5.000	10/01/2033	464,939
FNMA POOL #254198	6.000	02/01/2032	469,384	FNMA POOL #254903	5.000	10/01/2033	2,125,435
FNMA POOL #637077	5.500	03/01/2032	659,491	FNMA POOL #555800	5.500	10/01/2033	330,025
FNMA POOL #633869	6.000	03/01/2032	219,500	FNMA POOL #555800	5.500	10/01/2033	2,697,943

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET
<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	
FNMA POOL #744882	4.500	11/01/2033		455,216	FNMA POOL #735022	5.500	12/01/2034	309,998	
FNMA POOL #749327	5.000	11/01/2033		968,943	FNMA POOL #801686	5.500	12/01/2034	225,466	
FNMA POOL #555967	5.500	11/01/2033		760,384	FNMA POOL #807735	5.500	12/01/2034	1,336,803	
FNMA POOL #748356	5.500	11/01/2033		1,388,957	FNMA POOL #807936	5.500	12/01/2034	192,253	
FNMA POOL #750002	5.500	11/01/2033		159,637	FNMA POOL #824605	6.000	12/01/2034	306,724	
FNMA POOL #254982	5.000	12/01/2033		1,371,467	FNMA POOL #735221	6.500	12/01/2034	947,126	
FNMA POOL #737880	5.500	12/01/2033		1,960,740	FNMA POOL #735141	5.500	01/01/2035	804,446	
FNMA POOL #754208	5.500	12/01/2033		1,251,146	FNMA POOL #781861	5.500	01/01/2035	262,150	
FNMA POOL #756198	5.500	12/01/2033		1,105,206	FNMA POOL #808922	5.500	01/01/2035	137,027	
FNMA POOL #756201	5.500	12/01/2033		366,175	FNMA POOL #810851	5.500	01/01/2035	764,167	
FNMA POOL #759089	5.500	01/01/2034		396,674	FNMA POOL #735227	5.500	02/01/2035	1,573,926	
FNMA POOL #761893	5.500	01/01/2034		481,777	FNMA POOL #735230	5.500	02/01/2035	2,375,696	
FNMA POOL #766806	5.500	01/01/2034		269,780	FNMA POOL #808037	5.500	02/01/2035	1,666,071	
FNMA POOL #766968	5.500	01/01/2034		1,005,403	FNMA POOL #815763	5.500	02/01/2035	3,996,751	
FNMA POOL #764474	5.500	02/01/2034		1,886,573	FNMA POOL #815498	5.500	03/01/2035	65,862	
FNMA POOL #767315	5.000	03/01/2034		1,539,409	FNMA POOL #735406	5.000	04/01/2035	389,796	
FNMA POOL #725223	5.500	03/01/2034		575,958	FNMA POOL #808196	5.500	04/01/2035	423,114	
FNMA POOL #766715	5.500	03/01/2034		2,019,099	FNMA POOL #820021	5.500	04/01/2035	172,324	
FNMA POOL #725424	5.500	04/01/2034		4,310,422	FNMA POOL #820135	5.500	04/01/2035	170,148	
FNMA POOL #725425	5.500	04/01/2034		4,995,547	FNMA POOL #820963	5.500	04/01/2035	467,453	
FNMA POOL #770166	5.500	04/01/2034		714,311	FNMA POOL #822979	5.500	04/01/2035	2,400,258	
FNMA POOL #775153	5.000	05/01/2034		359,926	FNMA POOL #814981	5.000	05/01/2035	395,652	
FNMA POOL #775179	5.500	05/01/2034		143,525	FNMA POOL #357761	5.500	05/01/2035	469,331	
FNMA POOL #783713	5.500	05/01/2034		608,180	FNMA POOL #781710	5.500	05/01/2035	217,318	
FNMA POOL #782425	4.500	06/01/2034		303,500	FNMA POOL #797568	5.500	05/01/2035	415,326	
FNMA POOL #658661	5.500	06/01/2034		99,869	FNMA POOL #813980	5.500	05/01/2035	203,863	
FNMA POOL #780921	5.500	06/01/2034		366,413	FNMA POOL #817182	5.500	05/01/2035	186,257	
FNMA POOL #783646	5.500	06/01/2034		4,177,774	FNMA POOL #820196	5.500	05/01/2035	353,618	
FNMA POOL #788519	5.000	07/01/2034		1,237,377	FNMA POOL #820202	5.500	05/01/2035	220,853	
FNMA POOL #725620	5.500	07/01/2034		1,269,908	FNMA POOL #820491	5.500	05/01/2035	478,186	
FNMA POOL #725727	5.500	08/01/2034		3,210,912	FNMA POOL #821015	5.500	05/01/2035	171,789	
FNMA POOL #725690	6.000	08/01/2034		1,495,560	FNMA POOL #821039	5.500	05/01/2035	473,534	
FNMA POOL #725704	6.000	08/01/2034		457,253	FNMA POOL #821216	5.500	05/01/2035	536,748	
FNMA POOL #725772	5.000	09/01/2034		513,696	FNMA POOL #822632	5.500	05/01/2035	423,199	
FNMA POOL #796705	5.002	09/01/2034		2,410,406	FNMA POOL #823017	5.500	05/01/2035	387,799	
FNMA POOL #725773	5.500	09/01/2034		11,589,956	FNMA POOL #823444	5.500	05/01/2035	437,443	
FNMA POOL #793997	5.500	09/01/2034		699,329	FNMA POOL #826153	5.500	05/01/2035	276,257	
FNMA POOL #793993	6.000	09/01/2034		194,364	FNMA POOL #255740	5.500	06/01/2035	420,734	
FNMA POOL #795409	6.000	09/01/2034		1,177,528	FNMA POOL #773338	5.500	06/01/2035	436,995	
FNMA POOL #796569	6.500	09/01/2034		930,597	FNMA POOL #821603	5.500	06/01/2035	396,675	
FNMA POOL #801715	5.500	10/01/2034		172,802	FNMA POOL #821730	5.500	06/01/2035	762,168	
FNMA POOL #801452	6.000	10/01/2034		517,951	FNMA POOL #821819	5.500	06/01/2035	414,956	
FNMA POOL #841068	6.000	11/01/2034		3,871,854	FNMA POOL #823211	5.500	06/01/2035	215,508	
FNMA POOL #725946	5.500	11/01/2034		434,959	FNMA POOL #735725	6.500	06/01/2035	302,653	
FNMA POOL #802815	5.500	11/01/2034		324,669	FNMA POOL #826428	4.550	07/01/2035	1,752,515	
FNMA POOL #735060	6.000	11/01/2034		90,648	FNMA POOL #824550	5.000	07/01/2035	665,635	
FNMA POOL #735060	6.000	11/01/2034		3,363,257	FNMA POOL #826201	5.000	07/01/2035	2,534,804	
FNMA POOL #735061	6.000	11/01/2034		410,874	FNMA POOL #255770	5.500	07/01/2035	2,426,291	
FNMA POOL #811005	6.500	11/01/2034		298,453	FNMA POOL #828001	5.500	07/01/2035	402,972	
FNMA POOL #800103	5.000	12/01/2034		1,042,429	FNMA POOL #830898	5.500	07/01/2035	3,643,178	

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>MORTGAGE BACKED</u>				<u>MORTGAGE BACKED</u>			
	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>		<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FNMA POOL #835751	4.500	08/01/2035	382,828	FNMA POOL #745418	5.500	04/01/2036	4,443,440
FNMA POOL #835751	4.500	08/01/2035	2,940,818	FNMA POOL #867628	5.500	04/01/2036	634,210
FNMA POOL #255813	5.000	08/01/2035	6,683,798	FNMA POOL #868616	5.500	04/01/2036	3,403,933
FNMA POOL #817422	5.000	08/01/2035	904,594	FNMA POOL #880117	5.500	04/01/2036	461,058
FNMA POOL #828547	5.000	08/01/2035	271,611	FNMA POOL #881390	5.500	04/01/2036	2,659,694
FNMA POOL #357935	5.500	08/01/2035	1,553,177	FNMA POOL #256215	6.500	04/01/2036	297,137
FNMA POOL #832164	5.500	08/01/2035	3,103,758	FNMA POOL #868728	6.500	04/01/2036	1,354,179
FNMA POOL #834626	5.500	08/01/2035	4,066,505	FNMA POOL #868869	6.500	04/01/2036	4,564,244
FNMA POOL #838792	5.500	08/01/2035	483,288	FNMA POOL #256242	5.000	05/01/2036	276,764
FNMA POOL #735839	6.000	08/01/2035	304,622	FNMA POOL #831559	6.500	05/01/2036	2,517,882
FNMA POOL #827063	5.500	09/01/2035	1,903,665	FNMA POOL #884032	6.500	05/01/2036	1,709,331
FNMA POOL #828605	5.500	09/01/2035	1,285,925	FNMA POOL #891595	5.000	06/01/2036	2,785,704
FNMA POOL #833560	5.500	09/01/2035	282,929	FNMA POOL #256269	5.500	06/01/2036	407,801
FNMA POOL #837344	5.500	09/01/2035	1,123,035	FNMA POOL #256269	5.500	06/01/2036	216,122
FNMA POOL #837957	5.500	09/01/2035	107,029	FNMA POOL #881420	5.500	06/01/2036	148,884
FNMA POOL #838755	5.500	09/01/2035	1,844,134	FNMA POOL #883944	5.500	06/01/2036	336,189
FNMA POOL #838835	5.500	09/01/2035	1,747,242	FNMA POOL #872758	6.000	06/01/2036	541,338
FNMA POOL #838837	5.500	09/01/2035	1,864,496	FNMA POOL #831551	6.500	06/01/2036	1,703,717
FNMA POOL #840029	5.500	09/01/2035	1,836,210	FNMA POOL #882129	5.500	07/01/2036	622,477
FNMA POOL #840034	5.500	09/01/2035	1,193,563	FNMA POOL #892566	6.000	07/01/2036	756,405
FNMA POOL #357944	6.000	09/01/2035	558,565	FNMA POOL #870771	6.500	07/01/2036	401,812
FNMA POOL #357945	6.000	09/01/2035	1,201,981	FNMA POOL #883005	6.500	07/01/2036	241,282
FNMA POOL #255898	5.000	10/01/2035	505,039	FNMA POOL #544861	5.736	12/01/2036	611,224
FNMA POOL #835144	5.000	10/01/2035	753,969	FNMA POOL #559800	5.411	09/01/2040	1,474,247
FNMA POOL #836681	5.000	10/01/2035	735,115	FNMA POOL #735642	5.210	08/01/2042	382,198
FNMA POOL #835187	5.500	10/01/2035	807,294	FNMA POOL #735643	5.211	08/01/2042	382,851
FNMA POOL #836128	5.500	10/01/2035	1,732,646	FNMA POOL #735653	5.211	10/01/2044	206,185
FNMA POOL #836391	5.500	10/01/2035	510,530	FNMA POOL #735654	5.211	10/01/2044	653,581
FNMA POOL #836530	5.500	10/01/2035	2,555,314	FNMA REMIC SER 2006-B1	6.000	06/25/2016	1,082,900
FNMA POOL #840828	5.500	10/01/2035	875,644	FNMA REMIC SER 2004-41	3.500	04/25/2017	539,484
FNMA POOL #255900	6.000	10/01/2035	264,082	FNMA REMIC SER 2002-21	6.223	04/25/2032	276,469
FNMA POOL #833502	6.000	10/01/2035	511,698	FNMA REMIC SER 2004-11	5.443	03/25/2034	446,866
FNMA POOL #835817	6.000	10/01/2035	1,458,855	FNMA SER 2005-T3	5.363	07/25/2035	208,553
FNMA POOL #843487	6.000	10/01/2035	1,269,130	FNMA TBA POOL 6 15 YEARS	6.000	0001-01-01	2,406,000
FNMA POOL #817677	5.500	11/01/2035	374,372	FNMA TBA POOL 6 15 YEARS	6.000	0001-01-01	2,135,325
FNMA POOL #851056	5.500	11/01/2035	828,088	FNMA TBA POOL 6 15 YEARS	6.000	0001-01-01	551,493
FNMA POOL #846573	5.000	12/01/2035	211,201	G STAR 2003 3 LTD POOL #613820	5.000	07/15/2033	419,856
FNMA POOL #864632	5.000	12/01/2035	556,087	G STAR 2003 3 LTD POOL #615382	6.000	07/15/2033	204,009
FNMA POOL #256022	5.500	12/01/2035	745,271	GNMA I SINGLE FAMILY MORTGAG	5.000	0001-01-01	5,180,719
FNMA POOL #846586	5.500	12/01/2035	326,798	GNMA POOL #317684	7.500	02/15/2007	481
FNMA POOL #848317	5.500	12/01/2035	764,620	GNMA POOL #015861	7.500	03/15/2007	3,885
FNMA POOL #848640	6.000	12/01/2035	281,708	GNMA POOL #335642	7.000	03/15/2008	3,379
FNMA POOL #848647	5.500	01/01/2036	1,866,339	GNMA POOL #344243	7.500	03/15/2008	33,300
FNMA POOL #745139	6.500	01/01/2036	4,165,917	GNMA POOL #025062	8.000	03/15/2008	6,041
FNMA POOL #852945	5.000	02/01/2036	502,343	GNMA, POOL# 00025306	8.000	04/15/2008	12,959
FNMA POOL #866930	5.500	02/01/2036	1,242,362	GNMA POOL #024439	8.500	07/15/2008	5,753
FNMA POOL #880170	6.000	02/01/2036	771,638	GNMA POOL #023423	8.500	08/15/2008	3,722
FNMA POOL #863682	5.500	03/01/2036	82,642	GNMA POOL #023421	9.000	09/15/2008	4,455
FNMA POOL #880286	5.500	03/01/2036	2,513,518	GNMA POOL #027078	9.000	11/15/2008	6,637
FNMA POOL #868809	5.000	04/01/2036	897,014	GNMA POOL #031007	9.000	04/15/2009	2,947

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET
<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>MORTGAGE BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>VALUE</u>
GNMA POOL #424222	7.000	07/15/2011		28,877	GNMA POOL #397005	7.000	01/15/2028		25,374
GNMA POOL #104302	13.000	09/15/2013		97,143	GNMA POOL #460718	7.000	01/15/2028		61,128
GNMA POOL #434476	6.000	08/15/2014		61,607	GNMA POOL #466810	7.000	05/15/2028		61,585
GNMA POOL #120665	12.500	09/15/2014		66,722	GNMA POOL #460827	6.500	06/15/2028		97,194
GNMA POOL #155986	9.000	05/15/2016		6,183	GNMA POOL #462801	6.500	06/15/2028		164,103
GNMA POOL #161371	9.000	06/15/2016		2,032	GNMA POOL #465747	6.500	06/15/2028		60,505
GNMA POOL #155969	9.000	07/15/2016		7,287	GNMA POOL #433893	7.500	07/15/2028		26,766
GNMA POOL #169342	9.500	08/15/2016		1,693	GNMA POOL #457694	6.500	08/15/2028		86,277
GNMA POOL #523499	5.500	09/15/2016		114,237	GNMA POOL #490675	6.000	10/15/2028		72,745
GNMA POOL #173875	10.000	10/15/2016		4,718	GNMA POOL #483853	7.500	11/15/2028		18,143
GNMA POOL #203186	8.500	01/15/2017		1,366	GNMA POOL #486793	6.500	12/15/2028		52,754
GNMA POOL #209804	7.500	03/15/2017		47,000	GNMA POOL #457119	6.000	01/15/2029		134,024
GNMA POOL #208182	8.000	03/15/2017		12,436	GNMA POOL #419161	6.000	02/15/2029		115,600
GNMA POOL #187631	8.000	04/15/2017		1,041	GNMA POOL #483007	6.000	02/15/2029		121,686
GNMA POOL #185865	9.500	07/15/2017		4,270	GNMA POOL #486958	6.500	02/15/2029		57,999
GNMA POOL #224571	9.500	07/15/2017		2,966	GNMA POOL #470212	5.500	04/15/2029		57,425
GNMA POOL #231202	8.500	08/15/2017		17,567	GNMA POOL #500917	6.000	04/15/2029		22,359
GNMA POOL #189629	10.000	08/15/2017		4,164	GNMA POOL #503443	6.500	04/15/2029		34,264
GNMA POOL #780047	9.000	12/15/2017		139,047	GNMA POOL #470613	6.500	07/15/2029		38,396
GNMA POOL #622579	5.000	10/15/2018		283,099	GNMA POOL #503264	6.500	07/15/2029		49,565
GNMA POOL #607003	4.500	11/15/2018		184,659	GNMA POOL #781076	7.000	08/15/2029		53,575
GNMA POOL #267848	10.500	07/15/2019		3,604	GNMA POOL #503969	7.500	08/15/2029		30,069
GNMA POOL #162698	9.000	10/15/2019		2,046	GNMA POOL #466193	7.500	10/15/2029		17,851
GNMA POOL #284663	9.000	02/15/2020		8,231	GNMA POOL #781163	8.500	04/15/2030		132,166
GNMA POOL #290324	10.000	05/15/2020		5,972	GNMAII POOL #80393	4.375	04/20/2030		1,173,035
GNMA POOL #286697	9.500	07/15/2020		5,738	GNMA POOL #479449	8.500	07/15/2030		18,226
GNMA POOL #297500	10.000	11/15/2020		5,676	GNMAII POOL #080426	3.500	07/20/2030		444,599
GNMA POOL #295474	10.000	12/15/2020		5,761	GNMA POOL #561516	6.000	07/15/2031		195,115
GNMA POOL #299710	9.000	03/15/2021		3,339	GNMA POOL #781319	7.000	07/15/2031		85,817
GNMA POOL #304488	9.000	03/15/2021		6,443	GNMA POOL #569569	6.000	01/15/2032		163,228
GNMA POOL #310324	9.000	08/15/2021		2,849	GNMA POOL #579370	6.500	04/15/2032		306,550
GNMA POOL #301699	8.000	12/15/2021		14,267	GNMA POOL #563629	7.000	08/15/2032		48,788
GNMA POOL #318409	8.000	04/15/2022		1,245	GNMA POOL #563646	6.500	09/15/2032		237,328
GNMA POOL #345885	7.000	09/15/2023		22,387	GNMA POOL #582408	6.000	10/15/2032		129,106
GNMA POOL #361382	6.500	11/15/2023		43,312	GNMA POOL #595077	6.000	10/15/2032		1,415,713
GNMA POOL #345965	7.000	11/15/2023		84,108	GNMA POOL #595082	6.000	10/15/2032		0
GNMA, POOL # 780339	8.000	12/15/2023		201,705	GNMA POOL #589533	5.500	11/15/2032		224,160
GNMA POOL #351408	6.500	01/15/2024		48,650	GNMA POOL #595455	5.500	11/15/2032		150,346
GNMA POOL #368924	7.000	05/15/2024		46,756	GNMA POOL #596747	6.000	12/15/2032		122,983
GNMA POOL #780411	6.500	10/15/2024		102,179	GNMA POOL #597998	6.000	12/15/2032		49,221
GNMA POOL #399601	8.500	12/15/2024		14,939	GNMA POOL #598000	6.000	12/15/2032		0
GNMA POOL #780250	7.500	09/15/2025		21,422	GNMA POOL #585111	5.500	02/15/2033		319,597
GNMA POOL #387161	7.500	10/15/2025		14,239	GNMA POOL #602794	5.500	03/15/2033		572,261
GNMA POOL #414737	8.000	11/15/2025		33,764	GNMA POOL #553167	6.000	04/15/2033		261,246
GNMA POOL #410250	7.500	12/15/2025		12,344	GNMA POOL #572173	5.500	07/15/2033		211,462
GNMA REMIC TR 2000	5.758	12/16/2025		250,459	GNMA POOL #604548	4.500	08/15/2033		2,511,441
GNMA POOL #441108	8.000	02/15/2027		13,017	GNMA POOL #619584	4.500	08/15/2033		0
GNMA POOL #447454	8.500	03/15/2027		30,153	GNMA POOL #615897	5.500	08/15/2033		352,013
GNMAII POOL #080060	4.375	04/20/2027		81,434	GNMA POOL #608288	4.500	09/15/2033		0
GNMA POOL #245457	7.000	11/15/2027		49,315	GNMA POOL #621696	4.500	09/15/2033		825,844

PORTFOLIO OF ASSETS, JUNE 30, 2006

DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>MORTGAGE BACKED</u>				<u>COMMERCIAL MORTGAGE</u>			
	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>		<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
GNMA POOL #614191	5.000	09/15/2033	365,446	CMO BANC AMER COML MTG INC	5.115	09/10/2015	3,923,559
GNMA POOL #565159	5.500	09/15/2033	644,794	CMO BANC AMER COML MTG INC	5.115	09/10/2015	1,900,326
GNMA POOL #622577	4.500	10/15/2033	304,376	CMO BANC AMER COML MTG INC	2.764	11/10/2038	3,928,249
GNMA POOL #616012	5.000	10/15/2033	331,270	CMO BANC AMER COML MTG INC	4.037	11/10/2039	1,219,197
GNMA POOL #616015	5.000	10/15/2033	1,933,864	CMO BANC AMER COML MTG INC	4.640	11/10/2042	3,715,412
GNMA POOL #622122	5.000	10/15/2033	258,507	CMO BANC AMER COML MTG INC	4.136	07/10/2043	571,856
GNMA POOL #003459	5.500	10/20/2033	1,729,300	CMO BANC AMER COML MTG INC	4.247	07/10/2043	2,270,292
GNMA POOL #003460	6.000	10/20/2033	1,419,347	CMO BANC AMER COML MTG INC	5.334	09/10/2045	1,115,497
GNMA POOL #616096	6.500	11/15/2033	63,025	CMO BANC AMER COML MTG INC	5.001	10/10/2045	1,238,909
GNMA POOL #781802	4.500	12/15/2033	0	CMO BANC AMER COML MTG INC	5.165	09/10/2047	1,012,122
GNMA POOL #454426	6.000	12/15/2033	238,361	CMO BANC AMER COML MTG INC	5.182	09/10/2047	433,121
GNMA POOL #604970	5.500	01/15/2034	1,478,882	CMO BEAR STEARNS COML MTG S	7.000	05/20/2030	2,656,105
GNMA POOL #607048	5.500	01/15/2034	482,818	CMO BEAR STEARNS COML MTG S	7.000	05/20/2030	2,954,570
GNMA POOL #575792	5.500	02/15/2034	162,358	CMO BEAR STEARNS COML MTG S	7.080	07/15/2031	1,033,722
GNMA POOL #003515	5.500	02/20/2034	1,545,643	CMO BEAR STEARNS COML MTG S	5.711	09/11/2038	3,042,340
GNMA POOL #607122	5.500	04/15/2034	206,987	CMO BEAR STEARNS COML MTG S	2.960	08/13/2039	1,092,245
GNMA POOL #003544	5.500	04/20/2034	2,320,611	CMO BEAR STEARNS COML MTG S	5.270	12/11/2040	1,609,194
GNMA POOL #605430	5.000	05/15/2034	269,770	CMO BEAR STEARNS COML MTG S	5.382	12/11/2040	3,378,221
GNMA POOL #607514	5.000	05/15/2034	416,706	CMO BEAR STEARNS COML MTG S	4.386	02/11/2041	629,006
GNMA POOL #570584	6.000	07/15/2034	204,079	CMO BEAR STEARNS COML MTG S	4.361	06/11/2041	782,731
GNMA POOL #781874	7.000	08/15/2034	231,976	CMO BEAR STEARNS COML MTG S	4.735	09/11/2042	1,103,548
GNMA POOL #605528	6.000	10/15/2034	267,697	CMO BEAR STEARNS COML MTG S	4.871	09/15/2042	1,115,552
GNMA POOL #636795	6.000	10/15/2034	223,511	CMO BEAR STEARNS COML MTG S	4.940	10/12/2042	923,179
GNMA POOL #616787	5.000	12/15/2034	98,034	CMO CD 2005-CD1 COMMERCIAL M	5.225	07/15/2044	4,294,752
GNMA POOL #619189	5.000	01/15/2035	173,459	CMO CD 2005-CD1 COMMERCIAL M	5.225	07/15/2044	1,246,245
GNMA POOL #631178	5.500	02/15/2035	470,522	CMO CD 2005-CD1 COMMERCIAL M	5.225	07/15/2044	2,089,857
GNMA POOL #781905	5.000	04/15/2035	201,929	CMO CD 2005-CD1 COMMERCIAL M	5.400	07/15/2044	1,342,110
GNMA POOL #642501	5.000	06/15/2035	152,983	CMO CD 2005-CD1 COMMERCIAL M	5.392	01/15/2046	4,653,769
GNMA POOL #630924	5.500	07/15/2035	329,276	CMO CD 2005-CD1 COMMERCIAL M	5.408	01/15/2046	955,012
GNMA POOL #638023	5.500	07/15/2035	182,018	CMO CITIGROUP COML MTG	4.733	10/15/2041	2,048,369
GNMA POOL #648749	5.000	09/15/2035	215,279	CMO COMM	5.116	06/10/2044	4,539,384
GNMA POOL #550727	5.000	11/15/2035	275,846	CMO COMM	5.116	06/10/2044	1,640,798
GNMA POOL #648601	5.500	11/15/2035	288,977	CMO COMM	5.769	06/10/2046	746,431
GNMA POOL #616896	6.000	11/15/2035	362,292	CMO COMM	5.769	06/10/2046	3,080,271
GNMA POOL #651188	6.500	01/15/2036	1,822,644	CMO COMM 2005-C6 COML MTG PA	5.077	06/10/2044	1,250,250
GNMA POOL #651719	5.500	02/15/2036	261,421	CMO CREDIT SUISSE 1ST BSTN MTC	3.006	03/15/2036	1,193,108
GNMA POOL #653531	5.500	03/15/2036	338,252	CMO CREDIT SUISSE 1ST BSTN MTC	4.900	12/15/2036	941,177
GNMA POOL #642007	6.000	06/15/2036	<u>1,587,424</u>	CMO CREDIT SUISSE 1ST BSTN MTC	5.230	12/15/2040	946,434
				CMO GE COML MTG CORP	6.590	08/11/2033	765,025
<b>TOTAL MORTGAGE BACKED</b>			<b>908,277,269</b>	CMO GE COML MTG CORP	3.111	03/10/2040	1,632,288
				CMO GE COML MTG CORP	4.706	05/10/2043	3,864,868
				CMO GE COML MTG CORP	4.706	05/10/2043	5,700,680
				CMO GMAC COML MTG SECS INC	5.000	07/10/2010	1,417,562
				CMO GREENWICH CAP COML FDG (	4.915	01/05/2036	283,771
				CMO GREENWICH CAP COML FDG (	3.835	06/10/2036	4,028,069
				CMO GREENWICH CAP COML FDG (	5.117	04/10/2037	2,295,593
<b>TOTAL GOVERNMENT INDEXED BONDS</b>			<b>2,510,674</b>	CMO GREENWICH CAP COML FDG (	5.224	04/10/2037	5,532,301
				CMO GREENWICH CAP COML FDG (	5.224	04/10/2037	3,647,503
<b>TOTAL US GOVERNMENT SECURITIES</b>			<b>1,635,267,862</b>	CMO GS MTG SECS CORP II	5.587	04/10/2038	2,680,087
				CMO GS MTG SECS CORP II	5.587	04/10/2038	6,184,817

PORTFOLIO OF ASSETS, JUNE 30, 2006

DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MARKET
<u>COMMERCIAL MORTGAGE</u>	<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>ASSET BACKED</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
CMO GS MTG SECS CORP II	4.751	07/10/2039		1,695,920	AMERICREDIT AUTOMOBILE RECEI	4.470	05/06/2010	3,212,434
CMO GS MTG SECS CORP II	3.590	01/10/2040		1,457,139	AMERICREDIT AUTOMOBILE RECEI	2.840	08/06/2010	555,954
CMO HELLER FINL COML MTG AST	7.715	01/15/2034		56,675	AMERICREDIT AUTOMOBILE RECEI	5.110	10/06/2010	1,099,573
CMO J P MORGAN CHASE COML MT	7.371	08/15/2032		1,019,433	AMERIQUEST MTG SECS INC	5.883	06/25/2034	276,340
CMO J P MORGAN CHASE COML MT	6.244	04/15/2035		695,336	AMERIQUEST MTG SECS INC	5.403	03/25/2036	735,966
CMO J P MORGAN CHASE COML MT	4.275	01/12/2037		3,530,757	ATLANTIC CITY ELEC TRANSITION	5.550	10/20/2023	731,837
CMO J P MORGAN CHASE COML MT	4.914	07/12/2037		2,450,960	BA CR CARD MASTER	5.429	11/15/2011	793,758
CMO J P MORGAN CHASE COML MT	4.719	01/15/2038		929,383	BMW VEH OWNER	3.320	02/25/2009	3,133,562
CMO J P MORGAN CHASE COML MT	5.212	05/15/2041		2,283,589	BMW VEH OWNER	3.660	12/25/2007	701,303
CMO J P MORGAN CHASE COML MT	5.490	04/15/2043		3,165,807	BMW VEH OWNER	4.040	02/25/2009	2,571,059
CMO J P MORGAN CHASE COML MT	5.038	03/15/2046		565,717	BMW VEH OWNER	4.040	02/25/2009	1,369,584
CMO LB COML CONDUIT MTG	7.325	10/15/2032		1,144,659	CAPITAL AUTO RECEIVABLES ASSE	1.960	01/15/2009	1,073,960
CMO LB-UBS COML MTG	6.410	12/15/2019		382,060	CAPITAL AUTO RECEIVABLES ASSE	5.199	03/15/2007	94,673
CMO LB-UBS COML MTG	2.599	05/15/2027		749,538	CARRINGTON MTG LN	5.234	07/25/2036	3,000,000
CMO LB-UBS COML MTG	4.064	09/15/2027		783,452	CHASE CR CARD OWNER	5.500	11/17/2008	420,115
CMO LB-UBS COML MTG	4.207	11/15/2027		1,640,599	CHASE CR CARD OWNER	5.229	05/15/2009	1,099,925
CMO LB-UBS COML MTG	2.964	01/15/2029		6,429,322	CITIBANK CR CARD ISSUANCE	5.168	01/15/2010	771,098
CMO LB-UBS COML MTG	3.246	03/15/2029		1,691,682	CITIBANK CR CARD ISSUANCE	3.100	03/10/2010	240,051
CMO LB-UBS COML MTG	4.201	12/15/2029		955,166	CITIBANK CR CARD ISSUANCE	4.950	02/09/2009	572,900
CMO LB-UBS COML MTG	4.394	07/15/2030		313,351	CITIBANK CR CARD ISSUANCE	4.950	02/09/2009	225,175
CMO LB-UBS COML MTG	4.394	07/15/2030		371,379	CITIBANK CR CARD ISSUANCE	6.150	03/10/2011	1,010,354
CMO LB-UBS COML MTG	4.647	07/15/2030		1,938,634	CITIFINANCIAL MTG SECS INC	5.413	04/25/2034	174,104
CMO LB-UBS COML MTG	4.990	11/15/2030		444,034	CITIGROUP MTG LN	5.000	08/25/2036	3,000,000
CMO LB-UBS COML MTG	5.197	11/15/2030		972,330	CMO CWABS INC	5.393	02/25/2027	2,342,278
CMO LB-UBS COML MTG	5.900	06/15/2038		688,843	CMO EMC MTG LN	5.693	05/25/2040	1,356,786
CMO MERRILL LYNCH MTG	5.000	11/12/2037		1,256,670	CMO STRUCTURED AST SECS CORP	5.823	05/25/2032	38,500
CMO MERRILL LYNCH MTG	5.000	11/12/2037		988,069	COMED TRANSITIONAL FDG	5.630	06/25/2009	686,492
CMO MERRILL LYNCH MTG	5.661	05/12/2039		1,583,523	CWABS ASSET-BACKED CTFS	5.410	02/25/2029	3,200,000
CMO MERRILL LYNCH MTG	5.000	10/12/2041		2,720,089	CWABS INC COUNTRYWIDE ABS	4.905	08/25/2032	663,252
CMO MERRILL LYNCH MTG	4.353	02/12/2042		1,313,096	CWABS INC	3.872	03/25/2020	1,050,313
CMO MERRILL LYNCH MTG	4.446	09/12/2042		1,598,054	CWABS INC	4.615	02/25/2035	927,970
CMO MERRILL LYNCH MTG	4.556	06/12/2043		4,041,983	DAIMLERCHRYSLER AUTO	3.740	02/08/2010	777,944
CMO MERRILL LYNCH MTG	4.556	06/12/2043		1,149,652	DB MASTER FIN LLC DB MASTER FI	5.779	06/20/2031	675,018
CMO MERRILL LYNCH MTG	5.000	01/12/2044		430,926	DET EDISON SECURITIZATION FDG	5.875	03/01/2010	516,860
CMO MERRILL LYNCH MTG	5.017	01/12/2044		4,484,562	DISCOVER CARD MASTER	5.309	11/15/2009	660,582
CMO MORGAN STANLEY CAP I INC	6.530	03/15/2031		1,713,270	FINANCIAL ASSET SECS CORP	5.423	11/26/2035	224,424
CMO MORGAN STANLEY CAP I INC	4.030	06/15/2038		729,514	FORD CR AUTO OWNER	3.540	11/15/2008	2,672,771
CMO MORGAN STANLEY CAP I INC	4.030	06/15/2038		2,023,370	FORD CR AUTO OWNER	4.170	01/15/2009	658,127
CMO MORGAN STANLEY CAP I INC	5.388	03/12/2044		1,957,666	FORD CR AUTO OWNER	4.170	01/15/2009	2,548,387
CMO MORGAN STANLEY CAP I INC	5.388	03/12/2044		757,412	HONDA AUTO RECEIVABLES	2.400	02/21/2008	244,651
CMO MORGAN STANLEY CAP I INC	4.890	06/12/2047		2,749,716	HONDA AUTO RECEIVABLES	4.221	11/15/2006	58,983
CMO PRUDENTIAL COML MTG	4.493	02/11/2036		556,172	HONDA AUTO RECEIVABLES	4.030	12/20/2010	3,005,134
CMO WACHOVIA BK COML MTG	5.215	01/15/2041		382,863	IL PWR SPL PURP	5.650	12/25/2010	500,929
CMO WACHOVIA BK COML MTG	4.430	03/15/2042		2,980,210	IMC HOME EQTY LN	7.670	05/20/2027	935,839
CMO WACHOVIA BK COML MTG	5.037	03/15/2042		201,399	MASSACHUSETTS RRB SPL PURP	6.530	06/01/2015	1,364,877
CMO WACHOVIA BK COML MTG	4.519	07/15/2042		2,376,137	MBNA CR CARD MASTER NT	4.950	06/15/2009	199,584
CMO WACHOVIA BK COML MTG	5.118	07/15/2042		1,324,674	MBNA CR CARD MASTER NT	4.950	06/15/2009	2,360,083
CMO WACHOVIA BK COML MTG	5.370	10/17/2044		3,443,990	MBNA CR CARD MASTER NT	5.900	08/15/2011	707,165
CMO WACHOVIA BK COML MTG	5.370	10/17/2044		2,630,826	MERRILL LYNCH MTG INVS	5.410	04/25/2037	2,800,000
GMAC COML MTG SECS INC MTG P.	6.700	05/15/2030		<u>1,236,037</u>	PECO ENERGY TRANSITION	6.130	03/01/2009	573,885
TOTAL COMMERCIAL MORTGAGE				191,635,130				



PORTFOLIO OF ASSETS, JUNE 30, 2006

DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>		<u>VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	
BAXTER INTL INC	4.625	03/15/2015		224,917	CONOCO FDG CO	5.450	10/15/2006	3,996,748	
BB&T CORP	4.750	10/01/2012		841,571	CONSOLIDATED NAT GAS CO	6.625	12/01/2008	253,980	
BEAR STEARNS COS INC	2.875	07/02/2008		1,090,957	CONSOLIDATED NAT GAS CO	6.625	12/01/2008	218,423	
BEAR STEARNS COS INC	5.700	11/15/2014		605,767	CONSTELLATION ENERGY GROUP I	7.000	04/01/2012	521,197	
BELL SOUTH CAP FDG CORP	7.875	02/15/2030		547,115	CONSUMERS ENERGY CO	4.000	05/15/2010	674,961	
BERKSHIRE HATHAWAY FIN CORP	4.850	01/15/2015		344,834	CONTINENTAL AIRLS	6.703	12/15/2022	406,729	
BHP FIN USA LTD	6.420	03/01/2026		306,070	COPANO ENERGY L L C	8.125	03/01/2016	84,575	
BK I CORP	6.000	08/01/2008		5,085,173	CORN PRODS INTL INC	8.450	08/15/2009	613,556	
BOSTON SCIENTIFIC CORP	5.450	06/15/2014		484,103	CORN PRODS INTL INC	8.450	08/15/2009	608,221	
BOWATER CDA FIN CORP	7.950	11/15/2011		14,250	CORNING INC	5.900	03/15/2014	247,180	
BOWATER INC	9.375	12/15/2021		164,900	CORNING INC	6.050	06/15/2015	275,514	
CALENERGY INC	7.630	10/15/2007		2,333,876	CORNING INC	6.200	03/15/2016	745,073	
CARGILL INC	4.375	06/01/2013		1,268,909	COUNTRYWIDE HOME LNS INC	5.500	08/01/2006	1,375,105	
CASE CORP NT	7.250	01/15/2016		1,148,175	COUNTRYWIDE HOME LNS INC	4.000	03/22/2011	533,615	
CASE NEW HOLLAND INC	9.250	08/01/2011		1,457,713	COX COMMUNICATIONS INC	7.750	11/01/2010	482,896	
CATERPILLAR INC	8.000	02/15/2023		363,222	COX COMMUNICATIONS INC	7.750	11/01/2010	582,440	
CENTERPOINT ENERGY INC	7.250	09/01/2010		554,931	COX COMMUNICATIONS INC	6.750	03/15/2011	1,491,834	
CENTERPOINT ENERGY INC	7.250	09/01/2010		496,627	CREDIT SUISSE FIRST BOSTON USA	6.500	01/15/2012	1,031,849	
CHAPARRAL ENERGY INC	8.500	12/01/2015		124,375	CRESCENT REAL ESTATE EQ LTD P	9.250	04/15/2009	140,333	
CHEMTURA CORP CEM	6.875	06/01/2016		180,689	CROMPTON CORP	9.875	08/01/2012	28,125	
CHEMTURA CORP CEM	6.875	06/01/2016		196,149	CRUM & FORSTER HLDGS CORP	10.375	06/15/2013	76,313	
CHESAPEAKE ENERGY CORP	6.500	08/15/2017		196,188	CSC HLDGS INC	7.250	07/15/2008	1,551,938	
CHESAPEAKE ENERGY CORP	6.250	01/15/2018		433,438	CSX CORP	7.450	05/01/2007	1,013,300	
CHESAPEAKE ENERGY CORP	6.250	01/15/2018		396,938	CUMMINS INC	9.500	12/01/2010	37,041	
CHESAPEAKE ENERGY CORP	6.875	11/15/2020		4,625	D R HORTON INC	7.875	08/15/2011	225,670	
CHIQUITA BRANDS INTL INC	7.500	11/01/2014		33,400	D R HORTON INC	6.500	04/15/2016	673,040	
CHRYSLER CORP	7.450	03/01/2027		406,722	DAIMLERCHRYSLER N AMER HLDC	7.200	09/01/2009	464,162	
CISCO SYS INC	5.500	02/22/2016		336,079	DAYTON SUPERIOR CORP	10.750	09/15/2008	71,050	
CIT GROUP	7.750	04/02/2012		542,016	DEERE & CO	8.100	05/15/2030	528,564	
CITIGROUP INC	5.000	03/06/2007		836,382	DEERE JOHN CAP CORP	4.125	01/15/2010	327,595	
CITIGROUP INC	4.125	02/22/2010		4,753,685	DEERE JOHN CAP CORP	5.400	04/07/2010	237,074	
CITIGROUP INC	6.000	02/21/2012		555,959	DELHAIZE AMER INC	9.000	04/15/2031	3,054,059	
CITIGROUP INC	5.000	09/15/2014		1,207,397	DELTA AIR LINES INC	8.300	12/15/2029	50,313	
CITIGROUP INC	5.300	01/07/2016		1,994,493	DEVON FING CORP	6.875	09/30/2011	519,851	
CITIGROUP INC	5.300	01/07/2016		1,769,708	DISNEY WALT CO	6.200	06/20/2014	559,028	
CITIGROUP INC	7.750	12/01/2036		207,752	DOLLAR FINL GROUP INC	9.750	11/15/2011	75,250	
CLEAR CHANNEL COMMUNICATIO	5.500	09/15/2014		452,652	DOMINION RES INC	8.125	06/15/2010	751,237	
CLEAR CHANNEL COMMUNICATIO	4.900	05/15/2015		512,154	DOMTAR INC	7.875	10/15/2011	300,800	
COCA COLA BOTTLING CO	5.000	06/15/2016		909,120	DOMTAR INC	7.875	10/15/2011	249,100	
COCA COLA ENTERPRISES INC	8.500	02/01/2012		1,131,236	DU PONT E I DE NEMOURS & CO	8.250	09/15/2006	200,994	
COLLINS & AIKMAN PRODS CO	12.875	08/15/2012		4,900	DU PONT E I DE NEMOURS & CO	4.750	11/15/2012	395,144	
COLONIAL RLTY LTD PARTNERSHD	4.750	02/01/2010		205,837	DUKE ENERGY CORP	4.200	10/01/2008	1,405,453	
COLONIAL RLTY LTD PARTNERSHD	5.500	10/01/2015		1,588,973	DUKE ENERGY CORP	6.000	12/01/2028	211,830	
COLUMBIA HEALTHCARE CORP	7.500	12/15/2023		723,029	DUKE ENERGY FIELD SVCS LLC	7.875	08/16/2010	541,893	
COMCAST CABLE COMMUNICATIO	6.200	11/15/2008		737,228	DUKE ENERGY FIELD SVCS LLC	7.875	08/16/2010	600,678	
COMCAST CORP	6.450	03/15/2037		309,964	DUN & BRADSTREET CORP	5.500	03/15/2011	270,412	
COMPRESSION POLYMERS HLDG C	11.440	07/01/2012		20,400	DUN & BRADSTREET CORP	5.500	03/15/2011	245,829	
COMPUTER ASSOC INTL INC	5.250	12/01/2009		1,334,088	EL PASO CORP	7.750	06/15/2010	812,000	
COMWLTH EDISON CO	6.950	07/15/2018		575,113	EL PASO NAT GAS CO	8.625	01/15/2022	70,273	
CONAGRA INC	7.875	09/15/2010		587,417	EL PASO PRODTN HLDG CO	7.750	06/01/2013	105,788	

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET		
CORPORATE BONDS			RATE	DATE	VALUE	CORPORATE BONDS			RATE	DATE	VALUE
EMBARQ CORP	6.738	06/01/2013		528,397	GEN MTRS ACCEP CORP	8.000	11/01/2031	2,450,933			
EMBARQ CORP	7.082	06/01/2016		273,489	GEN MTRS ACCEP CORP	8.000	11/01/2031	153,784			
EMBARQ CORP	7.082	06/01/2016		277,467	GEN MTRS ACCEP CORP	8.375	07/15/2033	178,710			
EMBARQ CORP	7.082	06/01/2016		253,599	GENERAL MLS INC	5.125	02/15/2007	787,387			
EMBARQ CORP	7.995	06/01/2036		4,010,361	GENERAL MLS INC	5.125	02/15/2007	692,701			
EMERSON ELEC CO EMERSON ELEC	5.850	03/15/2009		704,407	GENERAL MLS INC	6.000	02/15/2012	201,177			
ENTERGY GULF STS INC	3.600	06/01/2008		477,671	GEO SUB CORP	11.000	05/15/2012	70,350			
ENTERPRISE PRODS OPER L P	4.625	10/15/2009		424,415	GLATFELTER P H CO	7.125	05/01/2016	123,390			
ENTERPRISE PRODS OPER L P	4.625	10/15/2009		367,890	GLATFELTER P H CO	7.125	05/01/2016	93,776			
ENTERPRISE PRODS OPER L P	5.600	10/15/2014		530,126	GOLDMAN SACHS GROUP INC	7.350	10/01/2009	440,081			
ENTERPRISE PRODS OPER L P	6.650	10/15/2034		623,348	GOLDMAN SACHS GROUP INC	6.600	01/15/2012	774,044			
ENTERPRISE PRODS OPER L P	6.650	10/15/2034		708,739	GOLDMAN SACHS GROUP INC	6.600	01/15/2012	1,553,249			
ENTERPRISE PRODS OPER L P	6.650	10/15/2034		132,829	GOLDMAN SACHS GROUP INC	5.000	10/01/2014	256,162			
EOP OPER LTD PARTNERSHIP	6.800	01/15/2009		919,038	GOLDMAN SACHS GROUP INC	6.345	02/15/2034	326,292			
EOP OPER LTD PARTNERSHIP	4.650	10/01/2010		1,554,986	GOODMAN GLOBAL HLDGS INC	8.329	06/15/2012	25,063			
EOP OPER LTD PARTNERSHIP	7.000	07/15/2011		238,939	GOODYEAR TIRE & RUBR CO	8.500	03/15/2007	50,000			
EQUISTAR CHEMICALS LP	10.125	09/01/2008		21,050	GOODYEAR TIRE & RUBR CO	6.375	03/15/2008	14,475			
EQUISTAR CHEMICALS LP	10.625	05/01/2011		80,531	GOODYEAR TIRE & RUBR CO	11.250	03/01/2011	60,363			
EXELON CORP	4.450	06/15/2010		496,761	GRAND MET INVT CORP	7.450	04/15/2035	170,593			
EXELON CORP	5.625	06/15/2035		192,988	GRAPHIC PACKAGING INTL INC	8.500	08/15/2011	19,950			
FD AMERN COS INC	5.875	05/15/2013		1,156,193	GTE CORP	6.940	04/15/2028	244,237			
FEDEX CORP	3.500	04/01/2009		944,818	HANGER ORTHOPEDIC GROUP INC	10.250	06/01/2014	99,000			
FEDT DEPT STORES INC	6.625	04/01/2011		657,261	HARRAHS OPER INC	7.125	06/01/2007	1,019,047			
FEDT DEPT STORES INC	7.450	07/15/2017		161,456	HARRAHS OPER INC	7.125	06/01/2007	100,896			
FIRSTENERGY CORP	6.450	11/15/2011		482,305	HARRY & DAVID OPERATIONS COR	9.000	03/01/2013	22,625			
FISHER SCIENTIFIC INTL INC	6.125	07/01/2015		72,281	HARTFORD LIFE INC	7.650	06/15/2027	341,872			
FLEET FINL GROUP INC	6.375	05/15/2008		1,012,225	HCA INC	5.250	11/06/2008	769,177			
FLORIDA PWR & LT CO	5.625	04/01/2034		247,902	HCA INC	6.500	02/15/2016	670,354			
FMC CORP	7.000	05/15/2008		518,859	HEWLETT PACKARD CO	6.500	07/01/2012	622,204			
FORD MTR CR CO	4.950	01/15/2008		258,874	HIGHMARK INC	6.800	08/15/2013	1,122,183			
FORD MTR CR CO	4.950	01/15/2008		254,167	HILCORP ENERGY I L P	9.000	06/01/2016	80,600			
FORD MTR CR CO	5.625	10/01/2008		1,595,729	HORNBECK OFFSHORE SVCS INC	6.125	12/01/2014	287,525			
FORD MTR CR CO	7.875	06/15/2010		737,994	HORNBECK OFFSHORE SVCS INC	6.125	12/01/2014	241,150			
FORD MTR CR CO	7.250	10/25/2011		443,538	HOUSEHOLD FIN CORP	8.000	07/15/2010	1,548,005			
FORD MTR CR CO	7.450	07/16/2031		1,495,575	HOUSEHOLD FIN CORP	7.625	05/17/2032	387,141			
FOREST OIL CORP	8.000	12/15/2011		35,788	HOVNANIAN K ENTERPRISES INC	8.625	01/15/2017	878,363			
GA PAC CORP	8.000	01/15/2024		146,475	HSBC BK USA N A	4.625	04/01/2014	1,095,651			
GA PAC CORP	7.375	12/01/2025		3,115,010	HSEHD FIN CORP HSEHD FIN CORP	5.750	01/30/2007	575,509			
GCI INC	7.250	02/15/2014		101,325	HUTCHISON WHAMPOA INTL	6.500	02/13/2013	1,346,293			
GE GLOBAL INS HLDG CORP	7.000	02/15/2026		531,626	IMC GLOBAL INC	10.875	06/01/2008	106,500			
GEN ELEC CAP CORP	1.400	11/02/2006		2,424,280	IMC GLOBAL INC	10.875	08/01/2013	22,250			
GEN ELEC CAP CORP	6.750	03/15/2032		1,067,424	INTELSAT SUBSIDIARY HLDG CO L	8.250	01/15/2013	69,475			
GEN MTRS ACCEP CORP	4.500	07/15/2006		2,853,664	INTERNATIONAL PAPER CO	5.850	10/30/2012	639,962			
GEN MTRS ACCEP CORP	5.968	01/16/2007		498,514	INTL BUSINESS MACHS CORP	8.375	11/01/2019	633,313			
GEN MTRS ACCEP CORP	5.125	05/09/2008		670,604	INTL BUSINESS MACHS CORP	6.500	01/15/2028	411,257			
GEN MTRS ACCEP CORP	6.875	09/15/2011		42,937	INTL LEASE FIN CORP	5.625	06/01/2007	908,717			
GEN MTRS ACCEP CORP	6.750	12/01/2014		148,611	IPALCO ENTERPRISES INC	8.375	11/14/2008	1,268,963			
GEN MTRS ACCEP CORP	6.750	12/01/2014		41,797	ISLE CAPRI CASINOS INC	9.000	03/15/2012	67,844			
GEN MTRS ACCEP CORP	6.750	12/01/2014		131,892	ISTAR FINL INC	4.875	01/15/2009	817,975			
GEN MTRS ACCEP CORP	6.750	12/01/2014		775,565	ISTAR FINL INC	6.000	12/15/2010	562,938			

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>
ITT CORP	7.375	11/15/2015	70,525	MGM MIRAGE	6.750	09/01/2012	558,250
J P MORGAN CHASE & CO	5.625	08/15/2006	920,079	MGM MIRAGE	6.750	09/01/2012	635,250
J P MORGAN CHASE & CO	5.250	05/01/2015	329,906	MGM MIRAGE FORMERLY MGM GR	8.500	09/15/2010	36,356
JACOBS ENTMT INC	9.750	06/15/2014	90,450	MGM MIRAGE FORMERLY MGM GR	8.375	02/01/2011	35,875
JEFFERIES GROUP INC	5.500	03/15/2016	298,811	MIDAMERICAN ENERGY HLDGS CC	6.125	04/01/2036	252,391
JOHNSON CONTROLS INC	5.500	01/15/2016	521,848	MILLENNIUM AMER INC	7.625	11/15/2026	92,950
KELLOGG CO	7.450	04/01/2031	312,074	MISSION RES CORP	9.875	04/01/2011	33,450
KERN RIV FDG CORP SR	4.893	04/30/2018	578,572	MOHAWK BNS INC	6.125	01/15/2016	674,834
KEYCORP INSTL	7.826	12/01/2026	417,864	MOHEGAN TRIBAL GAMING AUTH	7.125	08/15/2014	24,188
KEYSPAN CORP	8.000	11/15/2030	233,702	MONONGAHELA PWR CO	7.360	01/15/2010	966,344
KINDER MORGAN ENERGY PARTNI	7.125	03/15/2012	828,240	MONONGAHELA PWR CO	7.360	01/15/2010	867,632
KINDER MORGAN ENERGY PARTNI	7.125	03/15/2012	2,246,601	MONTERREY PWR S A	9.625	11/15/2009	517,236
KINDER MORGAN ENERGY PARTNI	5.125	11/15/2014	850,839	MORGAN STANLEY	6.875	03/01/2007	1,007,704
KINDER MORGAN ENERGY PARTNI	5.125	11/15/2014	781,457	MORGAN STANLEY	4.000	01/15/2010	1,559,752
KIOWA PWR PARTNERS LLC	5.737	03/30/2021	612,302	MORGAN STANLEY	5.300	03/01/2013	384,548
KRAFT FOODS INC GLOBAL	5.625	11/01/2011	418,614	MORGAN STANLEY	4.750	04/01/2014	504,251
KROGER CO	7.250	06/01/2009	724,611	MTR GAMING GROUP INC	9.000	06/01/2012	20,075
KROGER CO	6.750	04/15/2012	461,979	N W AIRLS CORP	9.875	03/15/2007	27,775
KROGER CO	7.500	04/01/2031	1,480,150	NATL RURAL UTILS COOP FIN CORP	8.000	03/01/2032	181,138
KS CY SOUTHN RY CO	9.500	10/01/2008	83,800	NB CAP	8.250	04/15/2027	1,661,860
LABRANCHE & CO INC	9.500	05/15/2009	63,900	NEENAH FDRY CO	11.000	09/30/2010	48,600
LABRANCHE & CO INC	11.000	05/15/2012	16,425	NEVADA PWR CO GEN & REF MTG	6.650	04/01/2036	278,642
LAMAR MEDIA CORP	7.250	01/01/2013	78,200	NEVADA PWR CO GEN & REF MTG	6.650	04/01/2036	245,583
LEHMAN BROS HLDGS INC	8.500	05/01/2007	1,223,568	NEWS AMER HLDGS INC	8.000	10/17/2016	773,235
LEHMAN BROS HLDGS INC	4.800	03/13/2014	351,317	NISOURCE FIN CORP NISOURCE FIN	5.450	09/15/2020	406,177
LILLY ELI & CO	7.125	06/01/2025	553,861	NORANDA INC	6.200	06/15/2035	613,015
LILLY ELI & CO	6.770	01/01/2036	864,238	NORANDA INC	6.200	06/15/2035	548,441
LOCKHEED MARTIN CORP	7.650	05/01/2016	606,100	NORFOLK SOUTHN CORP	7.350	05/15/2007	1,519,785
LOWES COS INC	5.500	10/15/2035	181,678	NORTHN TELECOM CAP CORP	7.875	06/15/2026	1,074,200
LUBRIZOL CORP	4.625	10/01/2009	369,729	NORTHROP GRUMMAN CORP	7.125	02/15/2011	463,003
LUCENT TECHNOLOGIES INC	5.500	11/15/2008	68,250	NRG ENERGY INC	7.250	02/01/2014	19,500
LUCENT TECHNOLOGIES INC	6.450	03/15/2029	340,000	NRG ENERGY INC	7.375	02/01/2016	780,000
MARINER ENERGY INC	7.500	04/15/2013	19,250	NRG ENERGY INC	7.375	02/01/2016	39,000
MARKWEST ENERGY PARTNERS LF	6.875	11/01/2014	96,600	ODYSSEY RE HLDGS CORP	6.875	05/01/2015	396,431
MARSH & MCLENNAN COS INC	5.750	09/15/2015	396,470	OMEGA HEALTHCARE INVS INC	7.000	04/01/2014	37,800
MASCO CORP	6.500	08/15/2032	169,668	OMX TIMBER FIN INVTS I LLC	5.420	01/29/2020	312,545
MAY DEPT STORES CO	5.750	07/15/2014	339,938	ONCOR ELEC DELIVERY CO	6.375	05/01/2012	302,804
MBNA AMER BK NATL ASSN	6.625	06/15/2012	675,883	OWENS ILL INC	8.100	05/15/2007	65,325
MEDCO HLTH SOLUTIONS INC	7.250	08/15/2013	1,450,555	OWENS ILL INC	7.350	05/15/2008	35,263
MEDCO HLTH SOLUTIONS INC	7.250	08/15/2013	206,466	OWENS ILL INC	7.800	05/15/2018	14,100
MEDIACOM BROADBAND LLC & MI	8.500	10/15/2015	416,025	OWENS-BROCKWAY GLASS CONTA	8.750	11/15/2012	5,206
MEDIACOM BROADBAND LLC & MI	8.500	10/15/2015	377,325	PAC BEL L	7.125	03/15/2026	307,200
MEDIANEWS GROUP INC	6.875	10/01/2013	40,950	PAC ENERGY PARTNERS L P	7.125	06/15/2014	70,700
MEDIANEWS GROUP INC	6.375	04/01/2014	83,125	PACIFIC GAS & ELEC CO	4.800	03/01/2014	512,520
MEDPARTNERS INC	7.375	10/01/2006	1,710,968	PACIFIC GAS & ELEC CO	6.050	03/01/2034	424,717
MERRILL LYNCH & CO INC	7.000	04/27/2008	1,026,121	PANAMSAT CORP	9.000	08/15/2014	26,390
MERRILL LYNCH & CO INC	6.050	05/16/2016	576,180	PANAMSAT CORP	9.000	06/15/2016	106,575
METHANEX CORP	6.000	08/15/2015	674,910	PARKER DRILLING CO	9.625	10/01/2013	48,825
METLIFE INC METLIFE INC	6.125	12/01/2011	813,730	PAXSON COMMUNICATIONS CORP	7.751	01/15/2012	30,300
METROPOLITAN EDISON CO	4.875	04/01/2014	459,178	PAXSON COMMUNICATIONS CORP	10.777	01/15/2013	95,238

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DOMESTIC FIXED INCOME			MATURITY	MARKET	DOMESTIC FIXED INCOME			MATURITY	MARKET		
<u>CORPORATE BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>CORPORATE BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
PEABODY ENERGY CORP	5.875	04/15/2016	690,825	SEQUA CORP	9.000	08/01/2009	68,575				
PEABODY ENERGY CORP	5.875	04/15/2016	608,475	SERENA SOFTWARE INC	10.375	03/15/2016	10,050				
PETROHAWK ENERGY CORP	5.000	07/15/2013	84,575	SIMON DEBARTOLO	6.875	11/15/2006	702,436				
PHELPS DODGE CORP	9.500	06/01/2031	200,436	SIMON PPTY GROUP L P	6.375	11/15/2007	1,340,556				
PHELPS DODGE CORP	9.500	06/01/2031	235,079	SLM CORP	4.500	07/26/2010	429,023				
PHILLIPS PETE CO	8.750	05/25/2010	209,983	SMITHFIELD FOODS INC	7.000	08/01/2011	2,254,275				
PINNACLE FOODS HLDG CORP	8.250	12/01/2013	31,440	SOUTHERN COPPER CORP	7.500	07/27/2035	429,629				
PK PL ENTMT CORP	9.375	02/15/2007	132,275	SOUTHN CAL EDISON CO	7.625	01/15/2010	1,154,303				
PLAINS EXPL & PRODTN CO L P	8.750	07/01/2012	68,088	SPECTRUM BRANDS INC	7.375	02/01/2015	4,063				
POGO PRODUCING CO	6.875	10/01/2017	134,306	SPRINT CAP CORP	6.125	11/15/2008	1,798,982				
PREMCO REFNG GROUP INC	6.125	05/01/2011	1,540,442	SPRINT CAP CORP	7.625	01/30/2011	547,113				
PROCTER & GAMBLE	9.360	01/01/2021	245,352	SPRINT CAP CORP	7.625	01/30/2011	489,635				
PROGRESS ENERGY INC	7.100	03/01/2011	1,147,468	SPRINT CAP CORP	6.875	11/15/2028	604,444				
PROGRESS ENERGY INC	7.100	03/01/2011	2,274,074	SPRINT CAP CORP	8.750	03/15/2032	656,011				
PROGRESSIVE CORP	6.625	03/01/2029	191,272	SPRINT CAP CORP	8.750	03/15/2032	783,836				
PSEG ENERGY HLDGS INC	8.625	02/15/2008	51,250	STAR GAS PARTNERS L P	10.250	02/15/2013	61,950				
PULTE HOMES INC	4.875	07/15/2009	1,393,919	STARWOOD HOTELS & RESORTS W	7.375	05/01/2007	30,188				
PULTE HOMES INC	6.250	02/15/2013	438,111	SUNGARD DATA SYS INC	3.750	01/15/2009	41,681				
QUEST DIAGNOSTICS INC	5.450	11/01/2015	322,351	SUNGARD DATA SYS INC	9.125	08/15/2013	36,313				
QUICKSILVER RES INC	7.125	04/01/2016	421,875	SUNGARD DATA SYS INC	4.875	01/15/2014	17,400				
QUICKSILVER RES INC	7.125	04/01/2016	360,938	SUNGARD DATA SYS INC	10.250	08/15/2015	46,519				
QWEST CAP FDG INC	7.750	08/15/2006	500,000	TARGET CORP	5.875	03/01/2012	303,105				
QWEST COMMUNICATIONS INTL IN	7.250	02/15/2011	67,900	TCI COMMUNICATIONS INC	8.750	08/01/2015	485,592				
QWEST CORP	7.625	06/15/2015	340,688	TCI COMMUNICATIONS INC	8.750	08/01/2015	1,805,259				
QWEST CORP	7.625	06/15/2015	296,250	TELUS CORP	7.500	06/01/2007	169,444				
RAINBOW NATL SVCS LLC & RNS	10.375	09/01/2014	83,063	TENASKA VA PARTNERS L P	6.119	03/30/2024	466,344				
RAYOVAC CORP	8.500	10/01/2013	17,100	TENNECO AUTOMOTIVE INC	8.625	11/15/2014	84,788				
RAYTHEON CO	6.750	08/15/2007	1,211,654	TERRA CAP INC	12.875	10/15/2008	101,925				
REED ELSEVIER CAP INC	4.625	06/15/2012	551,196	TEVA PHARMACEUTICAL FIN LLC	6.150	02/01/2036	417,532				
REED ELSEVIER CAP INC	4.625	06/15/2012	504,877	TFM S A	10.250	06/15/2007	133,900				
RELIANT RES INC	9.250	07/15/2010	190,000	TIME WARNER ENTMT CO L P	8.875	10/01/2012	539,724				
RELIANT RES INC	9.250	07/15/2010	175,000	TOYOTA MOTOR CRED	0.750	06/09/2008	1,100,509				
RESIDENTIAL CAP CORP	6.375	06/30/2010	1,479,587	TOYS R US INC	7.625	08/01/2011	40,625				
RESIDENTIAL CAP CORP	6.375	06/30/2010	621,426	TOYS R US INC	8.750	09/01/2021	4,613				
RESIDENTIAL CAP CORP	6.500	04/17/2013	3,125,587	TRITON PCS INC	8.500	06/01/2013	27,525				
RESIDENTIAL CAP CORP	6.500	04/17/2013	490,673	TRONOX WORLDWIDE LLC	9.500	12/01/2012	355,350				
RESIDENTIAL CAP CORP	6.875	06/30/2015	2,509,139	TRONOX WORLDWIDE LLC	9.500	12/01/2012	288,400				
REYNOLDS AMERN INC	7.625	06/01/2016	293,250	TRUSTREET PPTY INC	7.500	04/01/2015	88,650				
REYNOLDS AMERN INC	7.625	06/01/2016	53,763	TYCO INTL GROUP S A	6.000	11/15/2013	148,604				
REYNOLDS AMERN INC	7.750	06/01/2018	24,000	TYCO INTL GROUP S A	6.000	11/15/2013	168,418				
ROHM & HAAS CO	7.850	07/15/2029	187,100	TYCO INTL GROUP S A	6.000	11/15/2013	619,185				
SAFEWAY INC	7.250	02/01/2031	334,920	U S BK NATL ASSN	6.375	08/01/2011	514,576				
SARA LEE CORP	6.250	09/15/2011	99,628	U S W CAP FDG INC	6.500	11/15/2018	338,800				
SBC COMMUNICATIONS INC	4.125	09/15/2009	760,046	U S W COMMUNICATIONS INC	7.250	09/15/2025	1,668,975				
SBC COMMUNICATIONS INC	5.300	11/15/2010	719,061	U S W COMMUNICATIONS INC	8.875	07/01/2031	46,913				
SBC COMMUNICATIONS INC	5.300	11/15/2010	612,714	U S W COMMUNICATIONS INC	7.250	10/15/2035	420,825				
SCHERING PLOUGH CORP	5.550	12/01/2013	513,757	U S WEST COMMUNICATIONS INC	7.500	06/15/2023	773,438				
SCHOLASTIC CORP	5.750	01/15/2007	748,800	U S WEST COMMUNICATIONS INC	7.200	11/10/2026	1,382,438				
SCHOLASTIC CORP	5.750	01/15/2007	244,608	U S WEST COMMUNICATIONS INC	7.200	11/10/2026	36,500				
SEQUA CORP	8.875	04/01/2008	31,238	UCAR FIN INC	10.250	02/15/2012	110,775				

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DOMESTIC FIXED INCOME				DOMESTIC FIXED INCOME			
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
UN PAC CORP	6.500	04/15/2012	309,023	ZIFF DAVIS MEDIA INC	11.149	05/01/2012	70,688
UNIFI INC	11.500	05/15/2014	24,188				
UNILEVER CAP CORP	7.125	11/01/2010	839,962	TOTAL CORPORATE BONDS			293,230,533
UNITED TECHNOLOGIES CORP	6.050	06/01/2036	688,607				
UNITEDHEALTH GROUP INC	3.375	08/15/2007	1,017,212	DOMESTIC FIXED INCOME			
UNITEDHEALTH GROUP INC	3.375	08/15/2007	925,624	<u>OPTIONS</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
UNITEDHEALTH GROUP INC	5.375	03/15/2016	402,058	FUT CALL T-NOTE OPTION	0.000	08/25/2006	(19,922)
USB CAP IX	6.189	04/01/2049	796,980	FUT CALL U.S. T-BONDS	0.000	08/25/2006	26,125
UTD AIRLS	6.201	03/01/2010	2,042,993	FUT PUT T-NOTE OPTION	0.000	08/25/2006	(10,547)
UTD PARCEL SVC AMER INC	8.375	04/01/2020	479,938	US LONG BOND OPT	0.000	08/25/2006	8,250
UTD STS STL CORP	9.750	05/15/2010	53,250	TOTAL OPTIONS			3,906
UTD TECHNOLOGIES CORP	7.500	09/15/2029	417,117				
VALEANT PHARMACEUTICALS INT.	7.000	12/15/2011	1,178,000	TOTAL CORPORATE BONDS			586,164,143
VALERO ENERGY CORP	7.500	04/15/2032	189,999				
VANGUARD HLTH HLDG CO	9.000	10/01/2014	44,888	TOTAL DOMESTIC FIXED INCOME			2,221,432,005
VERIZON FLA	6.125	01/15/2013	1,914,371	INTERNATIONAL			
VERIZON GLOBAL FDG CORP	7.250	12/01/2010	1,466,172	<u>FIXED INCOME</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
VERIZON GLOBAL FDG CORP	7.250	12/01/2010	1,782,447	ASIAN DEV BK GLOBAL NT	4.500	09/04/2012	418,785
VERIZON GLOBAL FDG CORP	7.250	12/01/2010	1,151,993	DEV BK OF JAPAN	1.050	06/20/2023	252,347
VERIZON GLOBAL FDG CORP	7.750	12/01/2030	285,815	EUROPEAN INVT BK USD NT	3.375	03/16/2009	1,901,942
VERIZON GLOBAL FDG CORP	7.750	12/01/2030	243,752	HYDRO-QUEBEC SER HQ	9.500	11/15/2030	399,281
VERTIS INC	9.750	04/01/2009	40,700	INTER AMERN DEV BK GLOBAL	4.375	09/20/2012	729,013
VIACOM INC	6.250	04/30/2016	825,137	INTER-AMER DEV BK	1.900	07/08/2009	1,563,816
VIACOM INC	5.500	05/15/2033	417,867	KFW GLOBAL NT	3.250	03/30/2009	3,214,285
VIACOM INC	6.875	04/30/2036	212,313	MANITOBA PROV CDA	9.625	12/01/2018	433,176
VINTAGE PETE INC	8.250	05/01/2012	47,609	QUEBEC PROV CDA	7.500	07/15/2023	435,290
VODAFONE AIRTOUCH PLC	7.875	02/15/2030	308,452	QUEBEC PROV CDA	6.125	01/22/2011	2,040,748
WA MUT INC	4.375	01/15/2008	979,675	ARGENTINA(REP OF) FRN	3.000	04/30/2013	186,099
WA MUT INC	8.250	04/01/2010	1,072,270	BQE CENT TUNISIE	7.375	04/25/2012	522,275
WACHOVIA BK NATL ASSN	5.000	08/15/2015	838,612	BRAZIL FEDERATIVE REP	8.250	01/20/2034	2,157,750
WACHOVIA CORP	5.625	12/15/2008	799,420	BRAZIL(FED REP OF)	10.500	07/14/2014	2,406,200
WAL-MART STORES INC	4.550	05/01/2013	770,763	CANADA HOUSING TR MTG BD	3.550	09/15/2010	138,161
WAL-MART STORES INC	5.250	09/01/2035	872,528	CANADA(GOVT OF)	5.500	06/01/2010	652,421
WASTE MGMT INC	6.500	11/15/2008	406,252	CANADA(GOVT OF)	5.750	06/01/2033	132,160
WELLPOINT INC	3.750	12/14/2007	1,530,360	CANADA(GOVT OF)	5.250	11/05/2008	700,706
WELLPOINT INC	5.000	12/15/2014	372,037	FRANCE(GOVT OF)	5.250	04/25/2008	986,607
WELLS FARGO BANK NA	6.450	02/01/2011	1,482,748	GERMANY(FED REP)	3.750	01/04/2009	2,949,793
WESTINGHOUSE AIR BRAKE TECH	6.875	07/31/2013	336,375	GERMANY(FED REP)	5.000	07/04/2011	1,343,999
WESTVACO CORP	8.200	01/15/2030	487,420	HONG KONG GOVT SPL ADMINISTR	5.125	08/01/2014	955,770
WESTVACO CORP	8.200	01/15/2030	555,659	IRELAND(REP OF)	4.600	04/18/2016	999,996
WEYERHAEUSER CO	7.950	03/15/2025	685,978	ITALY REP DEB	6.875	09/27/2023	806,319
WHITING PETE CORP	7.000	02/01/2014	151,200	ITALY(REP OF)	0.375	10/10/2006	1,409,657
WI ENERGY CORP	6.500	04/01/2011	332,783	ITALY(REP OF)	3.800	03/27/2008	1,197,196
WILLIAMS COS INC	7.875	09/01/2021	5,075	KOREA REP	4.875	09/22/2014	371,884
WILLIAMS COS INC	8.750	03/15/2032	16,313	PANAMA(REP OF)	6.700	01/26/2036	988,200
WYETH	5.500	02/01/2014	289,873	PANAMA(REP OF)	9.375	07/23/2012	813,994
WYETH	6.500	02/01/2034	450,546	PORTUGAL(REP OF)	3.000	07/17/2006	767,175
WYETH	6.000	02/15/2036	335,555	SOUTH AFRICA REP	6.500	06/02/2014	518,700
XEROX CORP	6.400	03/15/2016	1,033,406				
XEROX CORP	6.400	03/15/2016	1,257,075				

PORTFOLIO OF ASSETS, JUNE 30, 2006

INTERNATIONAL			MATURITY	MARKET	INTERNATIONAL			MATURITY	MARKET
<u>FIXED INCOME</u>	<u>RATE</u>	<u>DATE</u>		<u>VALUE</u>	<u>FIXED INCOME</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	
SPAIN(KINGDOM OF)	3.100	09/20/2006		2,447,441	MILICOM INTL. CELLULAR S A	10.000	12/01/2013	100,350	
STH AFRICA(REP OF)	7.375	04/25/2012		523,625	NISSAY	4.875	08/09/2010	336,371	
STH AFRICA(REP OF)	9.125	05/19/2009		26,918	NORSK HYDRO	7.250	09/23/2027	647,179	
SWEDEN(KINGDOM OF)	3.000	07/12/2016		849,066	NORTEL NETWORKS LTD	5.000	07/15/2016	86,488	
SWEDEN(KINGDOM OF)	4.000	12/01/2009		2,541,632	NOVA CHEMICALS CORP	8.405	11/15/2013	14,888	
UK(GOVT OF)	4.250	06/07/2032		90,503	ONT PROV CDA	4.375	02/15/2013	516,685	
UK(GOVT OF)	5.000	03/07/2012		551,999	PEMEX PROJ FDG MASTER TR	7.875	02/01/2009	3,102,125	
UK(GOVT OF)	6.000	12/07/2028		449,346	PEMEX PROJ FDG MASTER TR	7.375	12/15/2014	717,240	
UK(GOVT OF)	6.250	11/25/2010		684,575	PEMEX PROJ FDG MASTER TR	8.625	02/01/2022	507,375	
UK(GOVT OF)	8.000	12/07/2015		692,348	PEMEX PROJ FDG MASTER TR	6.625	06/15/2035	633,500	
UKRAINE(REP OF)	7.650	06/11/2013		352,625	QUEBECOR MEDIA INC	7.750	03/15/2016	44,100	
UTD MEXICAN STS	8.125	12/30/2019		791,000	ROGERS WIRELESS INC	7.250	12/15/2012	342,550	
UTD MEXICAN STS	8.375	01/14/2011		2,071,000	ROGERS WIRELESS INC	7.250	12/15/2012	307,288	
UTD MEXICAN STS	9.875	02/01/2010		1,237,500	ROYAL BK SCOTLAND GROUP PLC	5.000	10/01/2014	519,645	
ABITIBI-CONSOLIDATED INC	8.850	08/01/2030		12,675	ROYAL CARIBBEAN CRUISES LTD	7.000	06/15/2013	391,417	
AINSWORTH LMBR CO LTD	9.499	04/01/2013		27,300	ROYAL CARIBBEAN CRUISES LTD	6.875	12/01/2013	1,224,854	
ALCAN INC	4.500	05/15/2013		338,802	SABMILLER PLC	6.000	07/01/2011	809,452	
ALTA ENERGY LTD	7.375	11/01/2031		382,698	SABMILLER PLC	5.000	07/01/2016	1,063,479	
BHP BILLITON FIN USA LTD	4.800	04/15/2013		422,719	TELECOM ITALIA CAP	5.250	11/15/2013	647,127	
BRITISH TELECOMMUNICATIONS P	8.875	12/15/2030		368,702	TELECOM ITALIA CAP	6.375	11/15/2033	302,892	
BSKYB FIN U K PLC	5.625	10/15/2015		781,310	TELECOM ITALIA CAP	6.375	11/15/2033	225,135	
BSKYB FIN U K PLC	6.500	10/15/2035		324,251	TELEFONICA EMISIONES S A	6.421	06/20/2016	7,090,257	
CHEVRONTEXACO CAP CO	3.500	09/17/2007		975,571	TELEFONICA EUROPE	8.250	09/15/2030	451,780	
COMPANHIA BRASILEIRA DE BEBID	10.500	12/15/2011		465,000	TELEFONICA EUROPE	8.250	09/15/2030	141,181	
CSN IS WHI CORP	9.750	12/16/2013		748,860	TELEFONICA EUROPE	8.250	09/15/2030	124,240	
DESARROLLADORA HOMEX S A	7.500	09/28/2015		1,616,800	TELEFONOS DE MEXICO S A	5.500	01/27/2015	1,235,748	
DEUTSCHE TELEKOM INTL. FIN	8.000	06/15/2010		611,935	TENGIZCHEVEROIL. FIN CO	6.124	11/15/2014	565,256	
DEUTSCHE TELEKOM INTL. FIN	8.000	06/15/2010		725,733	TOYOTA CREDIT CDA	0.560	06/21/2007	2,629,235	
DEUTSCHE TELEKOM INTL. FIN	8.500	06/15/2010		1,427,848	UTD UTILS PLC	6.875	08/15/2028	361,120	
EMPRESA NACIONAL DE ELECTRIC	7.875	02/01/2027		425,560	VODAFONE GROUP PLC	5.750	03/15/2016	1,108,470	
EMPRESA NACIONAL DE ELECTRIC	8.350	08/01/2013		2,040,081	YPF SOCIEDAD ANONIMA	9.125	02/24/2009	622,500	
ENERSIS S A	6.900	12/01/2006		663,490					
ENERSIS S A	7.375	01/15/2014		784,587	TOTAL INTERNATIONAL FIXED INCOME			93,259,778	
FAIRFAX FINL. HLDGS LTD	7.750	04/26/2012		30,450					
FAIRFAX FINL. HLDGS LTD	7.375	04/15/2018		12,450	TOTAL FIXED INCOME SECURITIES			2,314,691,783	
FORD MOTOR CREDIT	6.250	06/18/2007		1,155,849					
FRANCE TELECOM SA	8.500	03/01/2031		421,146					
FRANCE TELECOM SA	8.500	03/01/2031		280,363	<u>DOMESTIC EQUITY</u>	<u>SHARES</u>	<u>MARKET</u>	<u>VALUE</u>	
FRANCE TELECOM SA	8.500	03/01/2031		300,819	1ST AMERN CORP CAL	30,900		1,306,143	
GAZPROM INTL SA	7.201	02/01/2020		455,760	1ST CMNTY BANCORP CAL.	18,000		1,063,440	
GEN ELEC CAP CORP	0.550	10/14/2008		3,315,882	1ST HORIZON NATL CORP	5,264		211,613	
GRUPO TELEVISIA SA	6.625	03/18/2025		650,222	1ST MARBLEHEAD CORP	15,400		876,876	
HSBC HLDGS PLC	7.625	05/17/2032		421,301	1ST REP BK SAN FRAN CAL.	24,900		1,140,420	
INTELSAT LTD SR	7.000	06/15/2016		76,875	3M CO	31,522		2,546,032	
JAFRA COSMETICS INTL. INC	10.750	05/15/2011		50,408	3M CO	24,900		2,011,173	
KINDER MORGAN FIN CORP	6.400	01/05/2036		163,592	STH 3RD BANCORP	23,240		858,718	
KOSA LUX FIN B V	9.250	05/01/2012		120,750	ABBOTT LAB	513,709		22,402,849	
LINSEY MODERN	7.000	06/16/2008		4,249	ABERCROMBIE & FITCH CO	158,400		8,780,112	
MAGNACHIP SEMICONDUCTOR S A	8.579	12/15/2011		61,750	ABM INDS INC	175,300		2,997,630	
MAGNACHIP SEMICONDUCTOR S A	8.000	12/15/2014		20,750	ACE LTD ORD	13,391		677,451	

PORTFOLIO OF ASSETS, JUNE 30, 2006

DOMESTIC EQUITY			DOMESTIC EQUITY		
	SHARES	VALUE		SHARES	VALUE
ACXIOM CORP	51,900	1,297,500	AMPHENOL CORP	125,400	7,017,384
ADC TELECOMMUNICATIONS INC	4,876	82,209	AMSOUTH BANCORPORATION	14,406	381,039
ADOBE SYS INC	25,090	761,732	AMYLIN PHARMACEUTICALS INC	27,950	1,379,892
ADVANCED MICRO DEVICES INC	91,484	2,234,039	ANADARKO PETRO CORP	19,196	915,457
AES CORP	128,800	2,376,360	ANALOG DEVICES INC	115,602	3,715,448
AETNA INC	23,688	945,862	ANDREW CORP	1,608,915	14,254,987
AFFILIATED COMPUTER SVCS INC	4,900	252,889	ANGIODYNAMICS INC	21,600	584,280
AFFILIATED MANAGERS GROUP INC	76,800	6,673,152	ANHEUSER BUSCH COS INC	76,636	3,493,835
AFLAC INC	50,440	2,337,894	ANN TAYLOR STORES CORP	161,200	6,992,856
AGCO CORP	57,900	1,523,928	AON CORP	13,436	467,842
AGILENT TECHNOLOGIES INC	161,979	5,112,058	APACHE CORP	38,374	2,619,026
AGRIUM INC	359,400	8,345,268	APOLLO GROUP INC	5,872	303,406
AIR PROD & CHEM INC	9,269	592,474	APPLE COMPUTER INC	35,850	2,047,752
AKAMAI TECHNOLOGIES INC	44,100	1,595,979	APPLERA CORP	7,607	246,086
ALBERTO-CULVER CO	3,180	154,930	APPLIED INDL TECHNOLOGIES INC	45,150	1,097,597
ALCOA INC	698,914	22,616,857	APPLIED MATERIALS INC	66,236	1,078,322
ALEXANDER & BALDWIN INC	62,800	2,780,156	APPLIED SIGNAL TECH INC	378,803	6,454,803
ALLEGHENY ENERGY INC	6,851	253,967	APT INVT & MGMT CO	149,161	6,481,045
ALLEGHENY TECHNOLOGIES INC	3,555	246,148	ARCH CHEMICALS INC	14,280	514,794
ALLERGAN INC	6,278	673,378	ARCHER-DANIELS-MIDLAND CO	139,239	5,747,786
ALLIANCE DATA SYS CORP	317,600	18,681,232	ARCHSTONE-SMITH	8,900	452,743
ALLIANT ENERGY CORP	100,000	3,430,000	ARMOR HLDGS INC	96,300	5,280,129
ALLIED WASTE INDS INC	10,065	114,338	ARRIS GROUP INC	184,900	2,425,388
ALLSTATE CORP	26,866	1,470,376	ARROW ELECTR INC	76,100	2,450,420
ALLTEL CORP	16,209	1,034,620	ASHLAND INC	3,022	201,567
ALNYLAM PHARMACEUTICALS INC	83,325	1,256,541	ASPEN TECH INC	799,330	10,487,210
ALTERA CORP	15,007	263,373	ASSURANT INC	194,800	9,428,320
ALTRIA GROUP INC	296,547	21,775,446	ASTA FDG INC	35,700	1,336,965
ALZA CORP	1,080,000	905,850	AT&T INC	264,644	7,380,921
AMAZON COM INC	12,845	496,845	ATMEL CORP	274,700	1,524,585
AMBAC FNCL GROUP	46,970	3,809,267	ATMI INC	191,300	4,709,806
AMDOCS ORD	405,000	14,823,000	ATWOOD OCEANICS INC	101,440	5,031,424
AMEDISYS INC	116,400	4,411,560	AUTODESK INC	153,470	5,288,577
AMER ELEC PWR CO INC	16,381	561,049	AUTOLIV INC	54,800	3,100,036
AMER EXPRESS CO	182,125	9,692,693	AUTOMATIC DATA PROCESSING INC	24,159	1,095,611
AMER FINL GROUP INC	32,300	1,385,670	AUTONATION INC	6,136	131,556
AMEREN CORP	8,584	433,492	AUTOZONE INC	2,357	207,887
AMERICAN EXPRESS CO	855,000	871,031	AVAYA INC	17,372	198,388
AMERICAN HOME MTG INVT CORP	150,000	5,529,000	AVERY DENNISON CORP	4,614	267,889
AMERICAN PWR CONVERSION CORP	7,204	140,406	AVID TECH INC	122,000	4,066,260
AMERICAN TOWER CORP	408,433	12,710,435	AVNET INC	60,400	1,209,208
AMERIPRISE FINL INC	10,426	465,729	AVON PRODS INC	18,804	582,924
AMERISOURCEBERGEN CORP	88,544	3,711,764	BAKER HUGHES INC	203,747	16,676,691
AMERN CAP STRATEGIES LTD	44,100	1,476,468	BALDOR ELEC CO	263,830	8,255,241
AMERN EAGLE OUTFITTERS INC	99,300	3,380,172	BALL CORP	4,342	160,828
AMERN INTL GROUP INC	131,460	7,762,713	BANK AMER CORP	471,354	22,672,128
AMERN MED SYS HLDGS INC	91,500	1,523,475	BANK N Y CO INC	32,174	1,036,003
AMERN PHYSICIANS CAP INC	21,430	1,127,004	BARD CR INC	25,712	1,883,661
AMERN STD COS INC	7,407	320,501	BARR PHARMACEUTICALS INC	4,400	209,836
AMGEN INC	1,244,490	20,106,145	BAUSCH & LOMB INC	2,206	108,182

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>		MARKET		<u>DOMESTIC EQUITY</u>		MARKET	
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		
BAXTER INTL INC	66,397	2,440,754	CB RICHARD ELLIS GROUP INC	128,400	3,197,160		
BB&T CORP	22,323	928,414	CBRL GROUP INC	43,200	1,465,344		
BEAR STEARNS COS INC	25,563	3,580,865	CBS CORP	32,251	872,390		
BEARINGPOINT INC	297,100	2,486,727	CELADON GROUP INC	85,425	1,882,767		
BECTON DICKINSON & CO	10,312	630,373	CELGENE CORP	96,750	4,588,852		
BED BATH BEYOND INC	88,283	2,928,347	CENDANT CORP	963,853	15,701,164		
BELLSOUTH CORP	75,000	2,715,000	CENTERPOINT ENERGY INC	12,912	161,400		
BEMIS CO INC	22,616	692,502	CENTEX CORP	326,224	16,409,069		
BENCHMARK ELECTRS INC	125,600	3,029,472	CENTURYTEL INC	42,169	1,566,578		
BERKLEY W R CORP	302,200	10,314,086	CEPHALON INC	60,100	3,612,010		
BEST BUY INC	16,919	927,838	CERADYNE INC	126,000	6,235,740		
BHP BILLITON LTD	37,100	1,597,897	CERIDIAN CORP	391,600	9,570,704		
BIG LOTS INC	4,695	80,191	CHARLES RIV LABORATORIES INTL INC	82,700	3,043,360		
BIOGEN IDEC INC	53,309	2,469,806	CHARMING SHOPPES INC	173,200	1,946,768		
BIOMET INC	122,271	3,825,859	CHECK PT SOFTWARE TECHNOLOGIES	57,700	1,014,366		
BIOVAIL CORP	127,700	2,989,457	CHECKPOINT SYS INC	350,700	7,789,047		
BJ SVCS CO	13,580	505,991	CHEESECAKE FACTORY INC	86,400	2,328,480		
BJS WHSL CLUB INC	207,800	5,891,130	CHEROKEE INC	12,600	521,136		
BLACK & DECKER	18,143	1,532,358	CHES ENERGY CORP	631,650	19,107,413		
BLOCK H & R INC	13,692	326,691	CHEVRON CORP	92,928	5,767,112		
BMC SOFTWARE INC	1,649,133	39,414,279	CHGO BRDG & IRON CO	182,800	4,414,620		
BOEING CO	33,433	2,738,497	CHOICEPOINT INC	93,200	3,892,964		
BORG WARNER INC	34,400	2,239,440	CHOLESTECH CORP	396,235	5,032,185		
BOSTON SCIENTIFIC CORP	50,646	852,879	CHUBB CORP	59,064	2,947,293		
BRIGHT HORIZONS FAMILY SOLUTIONS INC	29,200	1,100,548	CIENA CORP	24,353	117,138		
BRINKER INTL INC	39,700	1,441,110	CIGNA CORP	5,087	501,120		
BRISTOL MYERS SQUIBB CO	81,787	2,115,012	CIN FNCL CORP	7,320	344,113		
BROADCOM CORP	18,383	552,409	CINTAS CORP	5,745	228,421		
BROOKFIELD ASSET MGMT INC	67,600	2,745,912	CIRCUIT CY STORES INC	61,574	1,676,045		
BROOKS AUTOMATION INC	767,900	9,061,220	CISCO SYS INC	1,013,563	19,794,885		
BROWN-FORMAN INC	3,466	247,646	CIT GROUP INC	91,000	4,758,390		
BRUNSWICK CORP	3,975	132,169	CITIGROUP INC	208,321	10,049,405		
BSTN PPTYS INC	3,800	343,520	CITIZENS COMMUNICATIONS CO	13,753	179,477		
BUCKLE INC	13,700	573,619	CITRIX SYS INC	52,090	2,090,893		
BURL NORTHN SANTA FE CORP	15,564	1,233,447	CITY HLDG CO	20,170	728,944		
C D W CORP	48,000	2,623,200	CLEAR CHANNEL COMMUNICATIONS INC	21,555	667,127		
CA INC	2,372,604	48,757,012	CLOROX CO	26,558	1,619,241		
CADENCE DESIGN SYS INC	92,000	1,577,800	CMS ENERGY CORP	9,248	119,669		
CALAMP CORP	44,000	391,160	CNA FNCL CORP	135,200	4,456,192		
CAMERON INTL CORP	34,000	1,624,180	COACH INC	67,000	2,003,300		
CAMPBELL SOUP CO	7,689	285,339	COCA COLA CO	183,919	7,912,195		
CANDELA CORP	48,700	772,382	COCA COLA ENTERPRISES INC	12,635	257,375		
CAP I FNCL	12,541	1,071,628	COEUR D ALENE MINES CORP IDA	216,450	1,041,125		
CARDINAL HLTH INC	17,582	1,131,050	COGNIZANT TECHNOLOGY SOLUTIONS COR	55,100	3,712,087		
CAREER ED CORP	132,000	3,945,480	COHERENT INC	59,800	2,017,054		
CAREMARK RX INC	251,510	12,542,804	COLDWATER CREEK INC	162,650	4,352,514		
CARMAX INC	111,500	3,953,790	COLGATE-PALMOLIVE CO	55,871	3,346,673		
CARNIVAL CORP	18,099	755,452	COLUMBIA BKG SYS INC	14,100	527,058		
CARTER INC	90,800	2,399,844	COMCAST CORP	157,065	5,142,308		
CATERPILLAR INC	127,600	9,503,648	COMERICA INC	130,303	6,774,453		

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>			<u>DOMESTIC EQUITY</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
COMMERCE BANCORP INC	86,000	3,067,620	DG FDG	295	3,106,719
COMMSCOPE INC	151,000	4,744,420	DIEBOLD INC	124,400	5,053,128
COMPASS BANCSHARES INC	5,200	289,120	DIGITAL INSIGHT CORP	36,600	1,255,014
COMPUTER SCI CORP	78,659	3,810,242	DILLARDS INC	88,097	2,805,889
COMPUWARE CORP	15,964	106,959	DIODES INC	54,200	2,246,048
COMVERSE TECH INC	80,692	1,595,281	DISCOVERY HLDG CO	72,300	1,057,749
CONAGRA FOODS INC	21,700	479,787	DISNEY WALT CO	91,980	2,759,400
CONNETICS CORP	666,800	7,841,568	DOLLAR GEN CORP	13,257	185,333
CONOCOPHILLIPS	97,737	6,404,706	DOMINION RES INC	14,472	1,082,361
CONS EDISON INC	10,248	455,421	DONNELLEY R R & SONS CO	8,982	286,975
CONS GRAPHICS INC	13,100	681,986	DOVER CORP	32,075	1,585,467
CONSECO INC	306,000	7,068,600	DOW CHEM CO	40,397	1,576,695
CONSOL ENERGY INC	4,098	191,459	DOW JONES & CO INC	282,941	9,905,765
CONSTELLATION BRANDS INC	8,200	205,000	DREW INDS INC	22,400	725,760
CONSTELLATION ENERGY GROUP INC	76,513	4,171,488	DRS TECHNOLOGIES INC	169,400	8,258,250
CONVERGYS CORP	175,248	3,417,336	DST SYS INC	85,500	5,087,250
CON-WAY INC	38,100	2,207,133	DTE ENERGY CO	7,475	304,532
COOPER COS INC	347,300	15,381,917	DU PONT E I DE NEMOURS & CO	38,416	1,598,106
COOPER INDUSTRIES INC	3,813	354,304	DUKE ENERGY CORP	95,831	2,814,556
COOPER TIRE & RUBBER CO	1,209,314	13,471,758	DUN & BRADSTREET CORP	17,600	1,226,368
CORILLIAN CORP	554,000	1,656,460	DYNEGY INC	15,317	83,784
CORNING INC	64,480	1,559,771	E*TRADE FIN CORP	446,700	10,193,694
CORUS BANKSHARES INC	141,700	3,709,706	EAGLE MATLS INC	61,800	2,935,500
COSTCO COS INC	805,000	1,044,488	EASTMAN CHEM CO	537,658	29,033,532
COSTCO WHSL CORP	93,506	5,341,998	EASTMAN KODAK CO	11,954	284,266
COUNTRYWIDE FINL CORP	25,202	959,692	EATON CORP	26,202	1,975,631
COVANCE INC	25,800	1,579,476	EATON VANCE CORP	56,300	1,405,248
COVENTRY HEALTH CARE INC	153,585	8,437,960	EBAY INC	48,160	1,410,606
COX RADIO INC	1,143,100	16,483,502	ECHOSTAR COMMUNICATIONS CORP	42,500	1,309,425
CRESCENT REAL ESTATE EQUITIES CO	54,825	1,017,552	ECOLAB INC	7,564	306,947
CROWN CASTLE INTL CORP	293,480	10,136,799	EDISON INTL	110,582	4,312,698
CROWN HLDGS INC	271,200	4,222,584	EDWARDS A G INC	59,000	3,263,880
CSX CORP	29,616	2,086,151	EL PASO CORP	29,016	435,240
CTR FINL CORP	39,100	924,324	ELECTR ARTS	172,546	7,426,380
CUMMINS INC	54,113	6,615,314	ELECTR DATA SYS CORP	2,160,854	51,990,147
CVS CORP	34,056	1,045,519	ELI LILLY & CO	66,474	3,674,018
CYMER INC	61,200	2,843,352	EMBARQ CORP	6,172	252,990
D R HORTON INC	199,300	4,747,326	EMC CORP	811,477	8,901,903
DADE BEHRING HLDGS INC	75,600	3,147,984	EMERSON ELEC CO	42,247	3,540,721
DANAHER CORP	65,832	4,234,315	ENERGEN CORP	70,600	2,711,746
DARDEN RESTAURANTS INC	58,678	2,311,913	ENERGIZER HLDGS INC	53,700	3,145,209
DAVITA INC	143,000	7,107,100	ENGLEHARD CORP	7,787	303,537
DEAN FOODS CO	49,200	1,829,748	ENTERGY CORP	220,538	15,603,063
DEERE & CO	9,887	825,466	EOG RESOURCES INC	10,096	700,057
DELL INC	335,698	8,194,388	EPICOR SOFTWARE CORP	784,480	8,260,574
DELTA & PINE LD CO	283,325	8,329,755	EQTY OFFICE PPTY S	15,474	564,956
DENBURY RES INC HLDG CO	225,100	7,128,917	EQTY RESDN TL	12,108	541,591
DENDRITE INTL INC	768,985	7,105,421	EQUIFAX INC	5,370	184,406
DEVON ENERGY CORP	55,365	3,344,600	EURONET WORLDWIDE INC	68,800	2,639,856
DEVRY INC	475,000	10,435,750	EXELON CORP	66,418	3,774,535

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>			<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
EXPRESS SCRIPTS INC	32,300	2,317,202	GEVITY HR INC	432,900	11,493,495						
EXPRESSJET HLDGS INC	42,300	292,293	GILEAD SCI INC	54,528	3,225,377						
EXXON MOBIL CORP	252,624	15,498,482	GLOBAL INDS LTD	401,300	7,781,425						
F P I. GROUP INC	843,734	34,913,713	GOLDCORP INC	54,600	1,650,012						
FAIR ISAAC CORPORATION	66,700	2,421,877	GOLDEN W. FNCL CORP	10,636	789,191						
FAIRCHILD SEMICONDUCTOR INTL. INC	111,900	2,033,223	GOLDMAN SACHS GROUP INC	18,135	2,728,048						
FAMILY DLR STORES INC	6,542	159,821	GOODRICH CORPORATION	84,384	3,399,831						
FASTENAL CO	80,000	3,223,200	GOODYEAR TIRE & RUBBER CO	7,437	82,551						
FDRY NETWORKS INC	180,000	1,918,800	GOOGLE INC	29,006	12,163,086						
FEDEX CORP	39,556	4,622,514	GRACO INC	121,100	5,568,178						
FEDT DEPT STORES INC	22,606	827,380	GRAINGER W W INC	3,231	243,068						
FEDT INVESTORS INC	3,516	110,754	GREENBRIER COS INC	41,600	1,361,984						
FHLMC	701,336	39,983,166	GREENHILL & CO INC	23,395	1,421,480						
FINL FED CORP	27,800	773,118	GROUP 1 AUTOMOTIVE INC	33,700	1,898,658						
FIRST CASH FINANCIAL SERVICES INC	78,200	1,544,450	GYMBOREE CORP	82,700	2,874,652						
FIRST DATA CORP	422,584	19,033,183	HAEMONETICS CORP	78,200	3,637,082						
FIRSTENERGY CORP	142,006	7,698,145	HAIN CELESTIAL GROUP INC	293,980	7,572,925						
FIRSTFED FINL. CORP	72,500	4,181,075	HALLIBURTON CO	567,148	6,710,666						
FISERV INC	128,611	5,833,795	HANCOCK HLDG CO	21,400	1,198,400						
FISHER SCIENTIFIC INTL. INC	142,830	10,433,732	HANMI FINL. CORP	46,800	909,792						
FL ROCK INDS INC	21,300	1,057,971	HANOVER COMPRESSOR CO	3,668	68,885						
FLIR SYS INC	182,100	4,017,126	HANOVER INS GROUP INC	379,200	17,996,832						
FLOWERS COM INC	1,234,000	7,120,180	HARBOR FLA BANCSHARES INC	24,900	924,786						
FLOWERS FOODS INC	21,865	626,214	HARLEY DAVIDSON INC	37,103	2,036,584						
FLOWERVE CORP	297,600	16,933,440	HARMAN INTL INDS INC	38,900	3,320,893						
FLUOR CORP	3,638	338,079	HARRAH S ENTMT INC	336,430	23,947,087						
FMC CORP	272,000	17,514,080	HARTFORD FINL SVCS GROUP INC	12,654	1,070,528						
FNMA	40,433	1,944,827	HASBRO INC	7,439	134,720						
FOOT LOCKER INC	290,400	7,111,896	HCA INC	167,609	7,232,328						
FORD MTR CO	77,806	539,196	HEALTH NET INC	236,800	10,696,256						
FOREST LAB INC	44,125	1,707,196	HEALTHWAYS INC	42,300	2,226,672						
FORTUNE BRANDS INC	96,366	6,842,950	HEINZ H J CO	13,940	574,607						
FOUNDATION COAL HLDGS INC	44,100	2,069,613	HELIX ENERGY SOLUTIONS GROUP INC	30,850	1,245,106						
FREEPOR T MCMORAN C & G C	29,258	1,621,186	HELMERICH & PAYNE INC	39,300	2,368,218						
FREESCALE SEMICONDUCTOR INC	120,028	3,528,823	HERBALIFE LTD	50,000	1,995,000						
FRKLN RES INC	6,376	553,501	HERCULES INC	4,684	71,478						
FURNITURE BRANDS INTL. INC	142,100	2,961,364	HERSHEY CO	91,570	5,042,760						
GANNETT INC	9,892	553,260	HESS CORP	89,883	4,750,317						
GAP INC	23,946	416,660	HEWLETT PACKARD CO	223,954	7,094,862						
GARMIN GARMIN CORPORATION	3,400	358,496	HILTON HOTELS CORP	926,952	5,854,684						
GATEWAY INC	11,009	20,917	HLTH MGMT ASSOC INC	10,070	198,480						
GEN DYNAMICS CORP	101,858	6,667,624	HOLLY CORP	58,900	2,838,980						
GEN MILLS INC	14,876	768,494	HOME DEPOT INC	537,656	19,242,709						
GENERAL ELEC CO	541,049	17,832,975	HONEYWELL INTL. INC	34,651	1,396,435						
GENERAL GROWTH PPTY INC	38,475	1,733,684	HOSPIRA INC	6,690	287,269						
GENERAL MOTORS CORP	23,610	703,342	HUB GROUP INC	74,800	1,834,844						
GENLYTE GROUP INC	21,800	1,578,974	HUMANA INC	6,783	364,247						
GENUINE PARTS CO	7,182	299,202	HUNTINGTON BANCSHARES INC	10,413	245,539						
GENWORTH FINL. INC	895,600	31,202,704	IDEXX LABS INC	33,600	2,524,368						
GENZYME CORP	10,903	665,628	IKON OFFICE SOLUTIONS INC	626,700	7,896,420						

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>	<u>SHARES</u>	<u>MARKET VALUE</u>	<u>DOMESTIC EQUITY</u>	<u>SHARES</u>	<u>MARKET VALUE</u>
ILL TOOL WKS INC	17,114	812,915	KINETIC CONCEPTS INC	114,600	5,059,590
IMS HLTH INC	8,306	223,016	KING PHARMACEUTICALS INC	136,373	2,318,341
INDUS INTL INC	1,537,835	4,398,208	KIRBY CORP	54,000	2,133,000
INDYMAC BANCORP INC	70,500	3,232,425	KLA-TENCOR CORP	8,339	346,652
INFORMATICA CORP	575,830	7,577,923	KOHL'S CORP	56,371	3,332,654
INGERSOLL-RAND CO	13,694	585,829	KOMAG INC	98,200	4,534,876
INGRAM MICRO INC	102,500	1,858,325	KOPIN CORP	2,378,500	8,586,385
INTEGRATED DEVICE TECHNOLOGY INC	167,700	2,377,986	KRAFT FOODS INC	211,400	6,532,260
INTEL CORP	472,587	8,955,523	KROGER CO	254,472	5,562,758
INTERMEC INC	52,900	1,213,526	L-3 COMMUNICATIONS HLDG CORP	27,725	2,091,019
INTERNATIONAL BUSINESS MACHS CORP	78,017	5,993,266	LAB CORP AMER HLDGS	124,700	6,532,281
INTERNET SEC SYS INC	1,320,507	24,891,557	LABOR READY INC	119,700	2,711,205
INTERPUBLIC GROUP COMPANIES INC	17,995	150,258	LAIDLAW INTL INC	93,400	2,353,680
INTERSIL CORP	46,000	1,069,500	LAM RESH CORP	209,200	9,752,904
INTERWOVEN INC	712,900	6,116,682	LAMAR ADVERTISING CO	100,051	5,388,747
INTEVAC INC	31,100	674,248	LANDSTAR SYS INC	66,900	3,159,687
INTL FLAVORS & FRAGRANCES INC	3,289	115,904	LAUDER ESTEE COS INC	41,400	1,600,938
INTL GAME TECH	49,340	1,871,960	LCA-VISION INC	77,300	4,089,943
INTL PAPER CO	20,603	665,477	LEGG MASON INC	61,614	6,131,825
INTUIT	177,370	10,711,374	LEGGETT & PLATT INC	7,550	188,599
INVENTIV HEALTH INC	79,550	2,289,449	LEHMAN BROS HLDGS INC	22,558	1,469,654
INVESTORS FINL SVCS CORP	89,300	4,009,570	LENNAR CORP	751,100	33,107,211
IPSCO INC	21,000	2,009,490	LEXMARK INTL INC	72,672	4,057,278
ITT CORP INC	50,858	2,517,471	LIBERTY GLOBAL INC	43,275	910,046
ITT EDL SVCS INC	70,700	4,652,767	LIBERTY MEDIA CORP	880,000	844,800
JABIL CIRCUIT INC	196,319	5,025,766	LIFEPOINT HOSPS INC	436,715	14,031,653
JACOBS ENGR GROUP INC	73,500	5,853,540	LINCOLN NATL CORP	67,214	3,793,558
JANUS CAP GROUP INC	161,477	2,890,439	LINEAR TECH CORP	253,814	8,500,231
JDS UNIPHASE CORP	69,903	176,855	LIONBRIDGE TECHNOLOGIES INC	1,796,000	9,931,880
JEFFERIES GROUP INC	144,100	4,269,683	LIVE NATION INC	285,500	5,812,780
JETBLUE AWYRS CORP	93,275	1,132,359	LIZ CLAIBORNE INC	57,537	2,132,321
JOHNSON & JOHNSON	186,322	11,164,414	LOCKHEED MARTIN CORP	332,600	23,860,724
JOHNSON CTL INC	8,120	667,626	LOEWS CORP	78,565	2,785,129
JONES APPAREL GROUP INC	582,448	18,516,022	LOUISIANA-PACIFIC CORP	54,324	1,189,696
JONES LANG LASALLE INC	38,400	3,361,920	LOWES COS INC	202,762	12,301,570
JOS A BK CLOTHIERS INC	156,600	3,752,136	LSI LOGIC CORP	16,362	146,440
JPMORGAN CHASE & CO	633,007	26,586,294	LTD BRANDS	108,760	2,783,169
JUNIPER NETWORKS INC	23,600	377,364	LUBRIZOL CORP	110,700	4,411,395
KANBAY INTL INC	131,400	1,910,556	LUCENT TECHNOLOGIES INC	186,460	451,233
KAYDON CORP	41,100	1,533,441	M & T BK CORP	3,300	389,136
KB HOME	3,266	149,746	MACROVISION CORP	46,200	994,224
KEANE INC	58,200	727,500	MAGELLAN HLTH SVCS INC	185,400	8,400,474
KELLOGG CO	53,760	2,603,597	MAGNA INTL INC	134,500	9,679,965
KENDLE INTL INC	28,200	1,035,786	MANOR CARE INC	31,012	1,455,083
KERR MCGEE CORP	9,650	669,228	MANPOWER INC	28,600	1,847,560
KEYCORP	403,861	14,409,760	MANTECH INTL CORP	192,200	5,931,292
KEYSPAN CORP	7,308	295,243	MARATHON OIL CORP	15,253	1,270,575
KIMBERLY-CLARK CORP	19,235	1,186,800	MARRIOTT INTL INC	307,424	11,719,003
KIMCO RLTY CORP	8,900	324,761	MARSH & MCLENNAN CO'S INC	22,804	613,200
KINDER MORGAN INC	4,328	432,324	MARSHALL & ILSLEY CORP	9,245	422,866

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>		<u>MARKET</u>		<u>DOMESTIC EQUITY</u>		<u>MARKET</u>	
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>
MARTIN MARIETTA MATLS INC	33,700	3,071,755	MORGAN STANLEY	44,839	2,834,273		
MASCO CORP	70,994	2,104,262	MOSAIC CO	1,519,140	23,774,541		
MASTERCARD INC	112,300	5,390,400	MOTOROLA INC	490,455	9,882,668		
MATTEL INC	89,402	1,476,027	MRO SOFTWARE INC	696,790	13,984,575		
MAXIM INTEGRATED PRODS INC	13,331	428,058	MURPHY OIL CORP	74,650	4,169,949		
MBIA INC	5,624	329,285	MYLAN LAB INC	66,800	1,336,000		
MC CORMICK & CO INC	5,539	185,833	N. FORK BANCORPORATION INC	19,869	599,448		
MC DONALD.S CORP	97,420	3,273,312	NABORS INDUSTRIES	71,102	2,402,537		
MCCLATCHY CO	1	20	NALCO HLDG CO	1,003,677	17,694,826		
MCGRATH RENTCORP	14,700	408,807	NASDAQ STK MKT INC	130,400	3,898,960		
MCGRAW HILL COMPANIES INC	329,506	16,551,086	NATIONAL OILWELL VARCO	61,500	3,894,180		
MCKESSON CORP	75,690	3,578,623	NATL. CY CORP	22,875	827,846		
MEADWESTVACO CORP	7,529	210,285	NATI. SEMICONDUCTOR CORP	97,054	2,314,738		
MEDCO HLTH SOLUTIONS INC	215,545	12,346,418	NAVIGANT CONSULTING INC	79,300	1,796,145		
MEDIMMUNE INC	271,614	7,360,739	NAVISTAR INTL CORP	2,614	64,331		
MEDTRONIC INC	326,553	15,321,867	NBTY INC	62,210	1,487,441		
MELLON FINL. CORP	58,298	2,007,200	NCR CORP	7,632	279,636		
MEMC ELECTR MATLS INC	176,500	6,618,750	NETWORK APPLIANCE INC	15,607	550,927		
MEN S WEARHOUSE INC	57,300	1,736,190	NEUSTAR INC	111,300	3,756,375		
MENTOR GRAPHICS CORP	517,900	6,710,660	NEW CENTY FINL CORP	216,700	9,914,025		
MERCK & CO INC	91,230	3,323,509	NEW YORK TIMES CO	6,022	147,780		
MERCURY INTERACTIVE CORP	16,200	566,514	NEWELL RUBBERMAID INC	11,483	296,606		
MEREDITH CORP	1,700	84,218	NEWFIELD EXPLORATION	31,100	1,522,034		
MERRILL LYNCH & CO INC	888,371	3,596,649	NEWMONT MINING CORP	83,221	4,404,887		
METHANEX CORP	38,100	806,958	NEWS CORP	100,200	1,921,836		
METLIFE INC	551,102	28,221,934	NICOR INC	1,855	76,983		
MFC ISHARES	60,000	4,314,000	NIH HLDGS INC	157,700	8,891,126		
MFC STREETTRACKS	44,150	2,703,305	NIKE INC	27,703	2,243,943		
MGIC INVT CORP	3,637	236,405	NISOURCE INC	11,381	248,561		
MI DEVS INC	236,800	8,029,888	NOBLE CORPORATION	56,699	4,219,540		
MICHAELS STORES INC	128,000	5,278,720	NOBLE ENERGY INC	198,980	9,320,454		
MICROCHIP TECHNOLOGY INC	33,200	1,113,860	NORDSTROM INC	42,904	1,565,996		
MICRON TECH INC	28,031	422,147	NORFOLK SOUTHN CORP	82,008	4,364,465		
MICROSEMI CORP	144,300	3,518,034	NORTEL NETWORKS CORP	75,000	70,406		
MICROSOFT CORP	1,526,221	35,560,949	NORTHN TR. CORP	7,700	425,810		
MIDDLEBY CORP	13,200	1,142,592	NORTHROP GRUMMAN CORP	14,648	938,351		
MILLIPORE CORP	105,313	6,633,666	NOVARTIS AG	72,925	3,932,116		
MINE SAFETY APPLIANCES CO	91,800	3,690,360	NOVELL INC	268,108	1,777,556		
MIPS TECHNOLOGIES INC	86,700	526,269	NOVELLUS SYS INC	57,797	1,427,586		
MITSUBISHI UFJ FINL. GROUP INC	75,800	1,057,410	NS GROUP INC	61,500	3,387,420		
MLP STAR GAS PARTNERS L.P	775	2,077	NUANCE COMMUNICATIONS INC	160,000	1,609,600		
MOLECULAR DEVICES CORP	22,700	693,712	NUCOR CORP	79,228	4,298,119		
MOLEX INC	5,940	199,406	NUVEEN INVT.S INC	231,900	9,983,295		
MOLSON COORS BREWING CO	250,031	16,972,104	NVIDIA CORP	14,272	303,851		
MONARCH CASINO & RESORT INC	30,700	863,284	O REILLY AUTOMOTIVE INC	170,100	5,305,419		
MONEYGRAM INTL INC	453,500	15,396,325	OCCIDENTAL PETE CORP	32,756	3,359,128		
MONSANTO CO	11,225	945,033	OCEANEERING INTL INC	199,000	9,124,150		
MONSTER WORLDWIDE INC	129,396	5,520,034	ODYSSEY HEALTHCARE INC	639,600	11,237,772		
MOODYS CORP	71,046	3,869,165	OFFICE DEPOT INC	233,364	8,867,832		
MOOG INC	24,950	853,789	OFFICEMAX INC	66,425	2,706,819		

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		<u>DOMESTIC EQUITY</u>			<u>MARKET</u>	
	<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>
OHIO CAS CORP	78,200	2,324,886	PRECISION CASTPARTS CORP		227,600	13,601,376			
OMI CORP	244,200	5,286,930	PRICE T ROWE GROUP INC		10,922	412,961			
OMNICARE INC	222,200	10,536,724	PRICELINE COM INC		93,700	2,797,382			
OMNICOM GROUP INC	17,910	1,595,602	PRIDE INTL INC		218,400	6,320,632			
OMNIVISION TECHNOLOGIES INC	134,500	2,840,640	PRINCIPAL FINL GROUP INC		66,458	3,698,388			
ON SEMICONDUCTOR CORP	304,900	1,792,812	PRIVATEBANCORP INC		28,700	1,188,467			
OPTIONSPRESS HLDGS INC	169,500	3,951,045	PROCTER & GAMBLE CO		293,546	16,321,158			
ORACLE CORP	590,962	8,563,039	PROGRESS ENERGY INC		10,584	453,736			
OSHKOSH TRUCK CORP	128,900	6,125,328	PROGRESS SOFTWARE CORP		43,200	1,011,312			
PACCAR INC	30,077	2,477,743	PROGRESSIVE CORP		32,776	842,671			
PACKETEER INC	72,100	817,614	PROLOGIS SH BEN INT		10,200	531,624			
PACTIV CORP	113,037	2,797,666	PRUDENTIAL FINL INC		47,935	3,724,549			
PALL CORP	5,259	147,252	PSYCHIATRIC SOLUTIONS INC		137,700	3,946,482			
PANERA BREAD CO	29,951	2,013,905	PUB SERVICE ENTERPRISE GROUP INC		212,872	14,075,097			
PARAMETRIC TECHNOLOGY CORP	4,646	59,051	PUBLIC STORAGE INC		3,500	265,650			
PAREXEL INTL CORP	36,100	1,041,485	PULTE HOMES INC		283,420	8,159,662			
PARKER-HANNIFIN CORP	5,017	389,319	QLOGIC CORP		350,790	6,047,619			
PATTERSON COS INC	96,000	3,353,280	QUADRAMED CORP		200	3,500			
PATTERSON-UTI ENERGY INC	389,600	11,029,576	QUALCOMM INC		389,355	15,601,455			
PAYCHEX INC	13,933	543,108	QUEST DIAGNOSTICS INC		71,846	4,305,012			
PEDIATRIX MED GROUP	156,500	7,089,450	QWEST COMMUNICATIONS INTL INC		64,712	523,520			
PENN NATL GAMING INC	324,800	12,595,744	R H DONNELLEY CORP		61,242	3,311,355			
PENNEY J C CO INC	154,328	10,452,439	RADIAN GROUP INC		52,300	3,231,094			
PEOPLES ENERGY CORP	1,691	60,724	RADIOSHACK CORP		5,632	78,848			
PEPSI BOTTLING GROUP INC	110,159	3,541,611	RALCORP HLDGS INC		442,700	18,828,031			
PEPSICO INC	416,621	25,013,925	RARE HOSPITALITY INTL INC		158,000	4,544,080			
PERKINELMER INC	5,411	113,090	RAYTHEON CO		278,011	12,390,951			
PETROCHINA CO LTD	22,050	2,380,739	REGAL BELOIT CORP		34,400	1,518,760			
PETSMART INC	201,700	5,163,520	REGIONS FINL CORP		19,075	631,764			
PFIZER INC	306,995	7,205,173	RENT A CTR INC		650,150	16,162,729			
PG&E CORP	109,588	4,304,617	REP SVCS INC		137,900	5,562,886			
PHARMACEUTICAL PROD DEV INC	72,158	2,534,189	RES CONNECTION INC		130,500	3,265,110			
PHARMION CORP	583,100	9,930,193	RESEARCH IN MOTION LTD		100,800	7,032,816			
PHELPS DODGE CORP	8,544	701,975	REYNOLDS AMERN INC		16,910	1,949,723			
PHILADELPHIA CONS HLDG CORP	71,600	2,173,776	RITA MED SYS INC		1,311,900	4,539,174			
PINNACLE W. CAP CORP	37,240	1,486,248	ROBERT HALF INTL INC		7,128	299,376			
PITNEY BOWES INC	9,534	393,754	ROCKWELL AUTOMATION		28,471	2,050,196			
PLAINS EXPL & PRODTN CO	64,700	2,622,938	ROCKWELL COLLINS INC		37,502	2,095,237			
PLATINUM UNDERWRITERS HLDGS INC	115,000	3,217,700	ROHM & HAAS CO		6,004	300,920			
PLUM CREEK TIMBER CO INC	192,212	6,823,526	ROPER INDS INC		126,800	5,927,900			
PMC SIERRA INC	264,483	2,486,140	ROWAN COMPANIES INC		4,532	161,294			
PMI GROUP INC	66,700	2,973,486	RYDER SYS INC		54,385	3,177,716			
PNC FINANCIAL SERVICES GROUP	12,172	854,109	S W AIRL CO		29,595	484,470			
PNM RES INC	569,743	14,220,785	SABRE HLDGS CORP		5,481	120,582			
POLYCOM INC	339,400	7,439,648	SAFECO CORP		69,115	3,894,630			
PORTFOLIO RECOVERY ASSOCS INC	53,900	2,463,230	SAFeway INC		281,605	7,321,730			
POWERWAVE TECHNOLOGIES INC	633,820	5,780,438	SALIX PHARMACEUTICALS LTD		397,600	4,890,480			
PPG IND INC	25,224	1,664,784	SANDISK CORP		8,100	412,938			
PPL CORP	15,888	513,182	SANMINA-SCI CORP		407,622	1,875,061			
PRAXAIR INC	13,450	726,300	SARA LEE CORP		421,584	6,753,776			

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>		MARKET		<u>DOMESTIC EQUITY</u>		MARKET	
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		
SAXON CAP INC	272,400	3,116,256	SUN MICROSYSTEMS INC	144,399	599,256		
SCHEIN HENRY INC	188,100	8,789,913	SUN TR BANKS INC	15,478	1,180,352		
SCHERING-PLOUGH CORP	61,786	1,175,788	SUNCOR INC	269,030	21,794,121		
SCHLUMBERGER LTD	996,008	27,190,299	SUNOCO INC	34,482	2,389,258		
SCHWAB CHARLES CORP	696,099	11,123,663	SUPER VAL U INC	8,464	259,845		
SCIELE PHARMA INC	114,200	2,648,298	SURMODICS INC	43,200	1,559,952		
SCIENTIFIC GAMES CORP	80,800	2,878,096	SYKES ENTERPRISES INC	55,600	898,496		
SCRIPPS E W INC	3,500	150,990	SYMANTEC CORP	43,599	677,528		
SEACHANGE INTL INC	652,700	4,542,792	SYMBOL TECHNOLOGIES INC	10,548	113,813		
SEALED AIR CORP	3,450	179,676	SYNIVERSE HLDGS INC	61,000	896,700		
SEARS HLDGS CORP	4,229	654,818	SYNOVIS LIFE TECHNOLOGIES INC	206,200	2,026,946		
SEI INVTs CO	61,900	3,025,672	SYNOVUS FINL CORP	13,121	351,380		
SELECT COMFORT CORP	143,812	3,303,362	SYSCO CORP	25,907	791,718		
SELECTIVE INS GROUP INC	27,940	1,561,008	TARGET CORP	148,040	7,234,714		
SEMPRA ENERGY INC	10,790	490,729	TECH DATA CORP	70,000	2,681,700		
SHAW COMMUNICATIONS INC	106,800	3,021,372	TECHNITROL INC	35,000	810,250		
SHERWIN-WILLIAMS CO	73,331	3,481,755	TECO ENERGY INC	8,718	130,247		
SHRE PLC	102,600	4,537,998	TEKELEC	596,000	7,360,600		
SHUFFLE MASTER INC	198,100	6,493,718	TEKTRONIX INC	3,435	101,058		
SI INTL INC	28,500	873,810	TELEDYNE TECHNOLOGIES INC	35,100	1,149,876		
SIERRA PAC RES	1,302,896	18,240,544	TELETECH HLDGS INC	572,628	7,249,470		
SIGMA-ALDRICH CORP	2,818	204,700	TELLABS INC	18,775	249,895		
SILICON LABORATORIES INC	60,900	2,140,635	TEMPLE INLAND INC	4,576	196,173		
SIMON PPTY GROUP INC	7,604	630,676	TENET HEALTHCARE CORP	1,603,882	11,195,097		
SIRONA DENTAL SYS INC	10,800	427,896	TERADYNE INC	8,208	114,337		
SLM CORP	17,402	920,914	TEREX CORP	80,800	7,974,960		
SNAP-ON INC	2,400	97,008	TESORO CORP	161,700	12,024,012		
SOLETRON CORP	38,171	130,545	TESSERA TECHNOLOGIES INC	101,000	2,777,500		
SOUTHERN CO	30,920	990,986	TETRA TECHNOLOGIES INC	309,180	9,365,062		
SOUTHERN UN CO	135,217	3,658,972	TEVA PHARMACEUTICAL FIN LLC	670,000	630,638		
SOVEREIGN BANCORP INC	15,668	318,219	TEXAS INSTRS INC	66,791	2,023,099		
SOVEREIGN REAL ESTATE INVT TR	77	105,875	TEXTRON INC	60,089	5,539,004		
SPRINT NEXTEL CORP	123,854	2,475,841	THERMO ELECTRON CORP	6,733	244,004		
SPX CORP	330,700	18,502,665	THORATEC CORP	680,100	9,432,987		
ST JOE CO	282,700	13,156,858	TIDEWATER INC	46,757	2,300,444		
ST JUDE MED INC	306,396	9,933,359	TIERONE CORP	13,700	462,649		
ST MARY LAND & EXPL CO	59,700	2,402,925	TIFFANY & CO	5,931	195,842		
ST PAUL TRAVELERS CORP	532,280	23,729,042	TIME WARNER INC	178,820	3,093,586		
ST STR CORP	13,863	805,302	TITANIUM METALS CORP	106,200	3,651,156		
STA CASINOS INC	56,200	3,826,096	TJX COS INC	19,289	440,947		
STANLEY WKS	3,048	143,927	TOLL BROS INC	154,500	3,950,565		
STAPLES INC	178,409	4,338,907	TORCHMARK CORP	4,333	263,100		
STARBUCKS CORP	31,916	1,205,148	TOWER GROUP INC	33,900	1,025,475		
STARWOOD HOTELS & RESORTS WORLDWII	9,015	543,965	TRADESTATION GROUP INC	78,400	993,328		
STEEL DYNAMICS INC	30,500	2,005,070	TRANSOCEAN	13,583	1,090,987		
STERNER LEISURE LTD	113,300	4,478,749	TRC COS INC	669,470	7,049,519		
STERIS CORP	721,000	16,482,060	TRIBUNE CO	10,953	355,206		
STERLING BANCSHARES INC	59,200	1,110,000	TRIMBLE NAV LTD	54,800	2,446,272		
STRIDE RITE CORP	44,600	588,274	TWEEN BRANDS INC	90,700	3,481,973		
STRYKER CORP	186,104	7,836,839	TXU CORP	19,310	1,154,545		

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		<u>DOMESTIC EQUITY</u>			<u>MARKET</u>	
	<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>
TYCO INTL LTD	1,132,233	31,136,407	WELLPOINT INC			67,019	4,876,972		
TYSON FOODS INC	10,500	156,030	WELLS FARGO & CO			152,921	10,257,941		
U S. CELLULAR CORP	159,300	9,653,580	WENDY S INTL INC			4,834	281,774		
UBS AG	15,400	1,689,380	WEST CORP			37,500	1,796,625		
ULTRATECH INC	637,530	10,034,722	WESTN DIGITAL CORP			57,900	1,146,999		
UN PAC CORP	11,068	1,028,881	WEYERHAEUSER CO			131,386	8,178,778		
UNILEVER PLC	616,860	13,904,024	W-H ENERGY SVCS INC			45,400	2,307,682		
UNIONBANCAL CORP	188,500	12,175,215	WHIRLPOOL CORP			3,262	269,604		
UNISYS CORP	14,236	89,402	WHOLE FOODS MKT INC			5,800	374,912		
UNIT CORP	53,200	3,026,548	WILD OATS MKTS INC			93,275	1,828,190		
UNITED PARCEL SVC INC	45,592	3,753,589	WILEY JOHN & SONS INC			66,900	2,221,080		
UNITED TECHNOLOGIES CORP	234,388	14,864,887	WILLIAMS CO INC			24,763	578,464		
UNITEDGLOBALCOM	20,000	23,655	WILLIAMS SONOMA INC			40,600	1,382,430		
UNITEDHEALTH GROUP INC	56,628	2,535,802	WIS ENERGY			73,600	2,966,080		
UNIVERSAL FST PRODS INC	30,600	1,919,538	WMS INDS INC			52,400	1,435,236		
UNIVISION COMMUNICATIONS INC	186,079	6,233,647	WORLDSPACE INC			226,750	811,765		
UNUMPROVIDENT CORP	1,430,223	25,929,943	WRIGHT MED GROUP INC			466,400	9,761,752		
UNVL COMPRESSION HLDGS INC	48,650	3,063,491	WRIGLEY WM JR CO			140,031	6,351,807		
US BANCORP	75,105	2,319,242	WYETH			232,804	10,338,825		
UST INC	6,810	307,744	WYETH FR CNV			885,000	922,613		
UTD STS STL CORP	4,556	319,467	XCEL ENERGY INC			16,737	321,975		
V F CORP	3,650	247,908	XEROX CORP			38,917	541,335		
VALASSIS COMMUNICATIONS INC	207,400	4,892,566	XILINX INC			14,390	325,934		
VALEANT PHARMACEUTICALS INTL	1,760,000	1,547,631	XL CAP LTD			191,567	11,743,057		
VALENCE TECHNOLOGY INC	379,493	656,523	XM SATELLITE RADIO HLDGS INC			175,134	2,565,713		
VALERO ENERGY CORP COM	26,200	1,742,824	XTO ENERGY INC			225,675	9,990,633		
VALMONT INDS INC	13,900	646,211	YAHOO INC			332,046	10,957,518		
VALUECLICK INC	278,700	4,278,045	YUM BRANDS INC			250,474	12,591,328		
VARIAN MED SYS INC	35,500	1,680,925	ZIMMER HLDGS INC			129,984	7,372,692		
VARIAN SEMICONDUCTOR EQUIPMENT AS	343,700	11,208,057	ZIONS BANCORP			25,271	1,969,622		
VCA ANTECH INC	157,200	5,019,396	ZUMIEZ INC			44,500	1,671,866		
VERISIGN INC	10,200	236,334							
VERIZON COMMUNICATIONS	122,147	4,090,703	TOTAL DOMESTIC EQUITY				3,953,519,890		
VIACOM INC	180,060	6,453,350							
VIGNETTE CORP	335,724	4,894,856							
VORNADO RLTY	4,900	477,995							
VULCAN MATERIALS CO	47,219	3,683,082	<u>INTERNATIONAL EQUITY</u>			<u>SHARES</u>	<u>VALUE</u>		
WABTEC CORP	69,800	2,610,520	ABITIBI-CONS INC			83,700	226,542		
WACHOVIA CORP	67,771	3,665,056	ABN-AMRO HLDGS			762,208	20,846,647		
WALGREEN CO	42,233	1,893,728	ACCOR			28,800	1,752,508		
WAL-MART STORES INC	528,888	25,476,535	ACOM CO			59,890	3,253,439		
WASHINGTON MUT INC	186,912	8,519,449	ADECCO SA			12,000	708,245		
WASTE MGMT INC	298,015	10,692,778	ADIDAS AG			48,900	2,337,221		
WATERS CORP	159,463	7,080,157	ADVANTEST CORP			14,600	1,489,183		
WATSON PHARMACEUTICALS INC	4,229	98,451	AEGON			507,392	8,674,146		
WEATHERFORD INTL LTD	144,284	7,159,373	AEON CO LTD			117,500	2,579,933		
WEBEX COMMUNICATIONS INC	75,300	2,676,162	AHOLD			1,667,133	14,474,105		
WEBMD HEALTH CORP	90,347	4,273,413	AIR LIQUIDE			20,584	4,007,093		
WEBMETHODS INC	929,900	9,178,113	AKZO NOBEL			293,900	15,843,528		
WELLCARE HLTH PLANS INC	21,300	1,044,765	ALCAN INC			106,700	5,016,944		
			ALCATEL			1,017,900	12,911,256		

PORTFOLIO OF ASSETS, JUNE 30, 2006

INTERNATIONAL EQUITY			INTERNATIONAL EQUITY		
	SHARES	MARKET VALUE		SHARES	MARKET VALUE
ALLIANZ AG	16,700	2,637,579	CREDIT SUISSE GRP	156,092	8,715,668
ALLIED IRISH BANKS	191,954	4,626,582	CRH ORD	221,788	7,228,690
ALTADIS SA	29,300	1,384,686	DAI NIPPON PRINTNG	81,000	1,254,166
ALTANA	12,700	707,365	DAIICHI SANKYO COM	523,600	14,428,028
AMCOR LIMITED	152,900	758,828	DAIMLERCHRYSLER AG ORD	304,400	15,035,610
AMDOCS ORD	115,600	4,230,960	DAIWA HOUSE INDS	68,000	1,088,571
AMERICA MOVIL S	286,800	9,538,968	DASSAULT SYSTEMES	16,500	883,995
ANGLO AMERICAN ORD	33,000	1,353,760	DBS GROUP HLDGS	917,000	10,495,905
ARM HLDGS ORD	276,000	578,114	DENSO CORP	23,500	768,840
ASTELLAS PHARMA	148,000	5,437,607	DEPPA BANK PLC ORD	318,871	5,284,109
ASTRAZENECA ORD	125,500	7,569,949	DEUTSCHE BANK	13,000	1,462,776
ATLAS COPCO	51,700	1,435,423	DEUTSCHE BOERSE	23,400	3,186,524
AVIVA ORD	375,060	5,310,214	DEUTSCHE POST	310,270	8,315,393
AXA	455,000	7,784,294	DEUTSCHE TELEKOM	1,171,358	18,841,783
BAE SYSTEMS ORD	1,336,458	9,139,649	DIAGEO ORD	56,600	952,106
BANK OF CHINA LTD	4,207,100	1,909,364	DNB NOR ASA	72,500	900,046
BARCLAYS ORD	257,900	2,931,158	E.ON AG	50,644	5,829,331
BARRATT DEVEL ORD	180,656	3,167,574	EDF	163,880	8,633,261
BARRICK GOLD CORP	100,600	2,977,760	EMBRAER-EMPRESA	83,200	3,034,304
BAYER AG ORD	31,800	1,461,359	ENAGAS SA	128,482	2,740,249
BAYER MOTOREN WERK	96,517	4,820,452	ENI SPA	140,900	4,149,126
BBVA	218,900	4,500,736	ERICSSON(LM)TEL SER B'	394,500	1,303,417
BCA INTESA	1,295,614	7,587,397	ESSILOR INTL	11,000	1,106,927
BCO SANT CENT HISP	624,535	9,119,575	EURONEXT	14,157	1,326,866
BHP BILLITON PLC	57,000	1,105,901	FANUC LTD	60,100	5,404,610
BK OF EAST ASIA	291,400	1,198,691	FORTIS UNIT(FORTIS SA/NV	17,000	579,727
BK OF YOKOHAMA	364,000	2,818,003	FOSTERS GROUP	173,000	703,061
BNP PARIBAS	123,643	11,833,496	FRANCE TELECOM	958,990	20,612,634
BOMBARDIER INC	1,476,138	4,128,036	FRAPORT	42,900	3,058,115
BOUYGUES	94,057	4,834,693	FRONTLINE LTD	122,500	4,577,066
BP ORD	272,626	3,179,204	FUJI PHOTO FILM CO	307,500	10,329,353
BP PLC	49,300	3,431,773	FUKUOKA BANK OF JP	270,800	2,060,937
BRAMBLES INDS (UK) ORD	55,185	445,468	GIVAUDAN AG	4,500	3,535,714
BRIT AMER TOBACCO ORD	407,620	10,268,302	GLAXOSMITHKLINE ORD	719,173	20,098,511
BRITISH LAND CO ORD	46,000	1,074,551	GROUPE DANONE	15,300	1,943,618
BRITISH SKY BROADC ORD	645,800	6,850,109	HANG LUNG GROUP	273,000	590,498
BT GROUP	2,905,964	12,859,030	HANG LUNG PROPERTIES	295,000	527,939
CADBURY SCHWEPPES ORD	239,053	2,305,762	HBOS ORD	555,532	9,658,351
CAMECO CORP	99,900	3,994,742	HEINEKEN	146,100	6,033,969
CANON INC	22,650	1,111,547	HENDERSON LAND DEV	983,000	5,106,740
CARNIVAL PLC ORD	29,400	1,197,920	HIROSE ELECTRIC	5,600	680,926
CARREFOUR	251,575	14,862,873	HITACHI	1,915,000	12,664,480
CDN NATURAL RESOUR	95,900	5,322,316	HITACHI HIGH-TECHNOLOGIES	29,000	882,824
CELESTICA INC SUB ORD	243,136	2,310,896	HOLCIM	58,562	4,479,395
CENTRAIS ELETR BRAS	732,700	7,803,255	HON HAI PRECISION GDR	89,382	1,081,522
CHINA MERCHANT HLD	980,900	2,986,775	HONDA MOTOR CO	220,800	7,011,363
CHINA PETROLEUM	2,840,131	1,627,216	HONG KONG EXCHANGE	376,500	2,421,292
COMMERZBANK AG ORD	30,000	1,090,944	HONGKONG&CHINA GAS	319,000	700,264
COMPASS GROUP ORD	2,772,238	13,446,586	HOYA CORP	70,100	2,495,797
CONTAX PARTICIPACOES	702,900	623,543	HSBC HLDGS ORD	367,800	6,451,740

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>INTERNATIONAL EQUITY</u>	<u>SHARES</u>	<u>MARKET VALUE</u>	<u>INTERNATIONAL EQUITY</u>	<u>SHARES</u>	<u>MARKET VALUE</u>
HYPO REAL ESTATE	49,150	2,984,540	NESTLE SA	88,518	27,747,684
HYUNDAI MOTOR CO	36,900	3,134,964	NETELLER ORD	89,102	977,256
IBERDROLA SA	38,800	1,336,041	NEWS CORPORATION	16,969	326,020
INCO LTD	31,000	2,042,900	NEXT ORD	115,300	3,480,291
INDITEX	29,400	1,239,794	NGK SPARK PLUG CO	54,000	1,086,472
INFINEON TECHNOLOG ORD	806,400	8,980,911	NIDEC CORPORATION	13,200	946,857
ING GROEP NV CVA	321,760	12,642,889	NINTENDO CO LTD	23,000	3,863,010
INS AUSTRALIA	285,551	1,135,003	NIPPON ELEC GLASS	102,000	2,047,763
INVENSYS ORD	12,311,346	3,399,303	NIPPON TEL&TEL	3,475	17,053,536
ITV ORD	4,832,100	9,652,187	NISSAN MOTOR CO	307,500	3,362,420
JAPAN TOBACCO INC	4,017	14,653,274	NITTO DENKO CORP	59,300	4,227,748
JARDINE MATHESON	240,844	4,238,854	NOKIA CORP	53,100	1,075,806
JC DECAUX SA	79,800	2,108,069	NOKIA OYJ	155,600	3,175,369
JOHNSON ELEC HLDGS	758,000	551,397	NORSKE SKOGSINDUST	48,571	712,259
KANSAI ELEC POWER	81,700	1,829,611	NORTEL NETWORKS CORP	3,556,900	7,967,456
KAO CORP	53,000	1,388,575	NORTHERN ROCK ORD	44,700	826,749
KEYENCE CORP	2,530	646,692	NOVARTIS AG	47,600	2,566,592
KINGFISHER ORD	1,403,740	6,192,144	NOVARTIS AG	221,873	11,990,198
KON KPN	286,200	3,216,697	NOVO-NORDISK AS	75,453	4,804,935
KONICA MINOLTA HLD	204,000	2,578,664	NUMICO (KON)	20,285	910,144
KONINKLUKE A HOLD	94,745	822,579	ODAKYU ELECT RAIL	126,000	813,437
KOREA ELEC POWER	118,910	4,405,699	ONO PHARMACEUTICAL	112,000	5,457,202
KOREA ELEC PWR CORP	413,680	7,543,373	OPAP(ORG OF FOOTB)	76,084	2,753,160
KT CORP	257,610	5,525,735	ORIX CORP	21,480	5,251,857
KT CORPORATION	21,520	888,066	OVERSEA-CHINESE BK	1,075,200	4,487,508
LAFARGE	20,500	2,572,740	PARTYGAMING ORD	1,210,218	2,585,304
LG ELECTRONICS INC	75,000	4,545,694	PCCW LIMITED	751,000	536,636
LI & FUNG	589,200	1,190,993	PEARSON ORD	71,300	971,244
LLOYDS TSB GROUP ORD	482,200	4,740,199	PETROCHINA CO	7,012,973	7,494,229
L'OREAL	29,700	2,804,521	PEUGEOT SA	42,600	2,649,989
LUKOIL	21,000	1,764,000	PHILIPS ELEC(KON)	175,069	5,468,704
LVMH MOET HENNESSY	37,212	3,692,295	PORTUGAL TCOM SGPS	774,266	9,345,744
MACQUARIE AIRPORTS	1,269,809	2,896,252	POSCO	20,250	5,432,302
MACQUARIE BANK	26,069	1,336,389	POTASH CORP SASK	29,600	2,544,519
MANULIFE FINL CORP	192,778	6,131,245	PROMINA GROUP	116,800	487,684
MARKS & SPENCER GP ORD	1,583,159	17,188,132	PROMISE CO	88,100	5,109,592
MEDIASET	313,170	3,692,009	PUBLICIS GROUPE SA	99,843	3,855,461
METHANEX CORP	36,800	778,621	QBE INS GROUP	56,293	857,369
MILLEA HOLDINGS	546	10,173,468	RAIFFEISEN INTL BK	5,200	451,466
MITSUBISHI CORP	110,200	2,202,747	RECKITT BENCKISER ORD	36,900	1,378,617
MITSUBISHI ESTATE	160,000	3,401,128	REED ELSEVIER	385,900	3,941,967
MITSUBISHI HVY IND	221,000	955,028	RENAULT SA	19,900	2,137,391
MITSUBISHI UFJ FIN	541	7,572,059	REPSOL YPF SA	106,800	3,057,575
mitsui SUMITOMO	336,000	4,223,698	REUTERS GROUP ORD	504,368	3,591,487
MIZUHO FINL GP	738	6,255,714	RICHEMONT(CIE FIN)	114,600	5,238,857
MORRISON(W)SUPRMKT ORD	4,850,819	17,450,212	RICOH CO	66,000	1,296,155
MUENCHENER RUECKVE	29,700	4,056,207	RINKER GROUP	175,756	2,140,172
MURATA MFG CO	12,500	812,448	RIO TINTO ORD	165,831	8,768,916
NATL BK OF CANADA	19,000	973,833	ROCHE HLDGS AG	45,963	7,582,957
NESTLE OIL OYJ	22,000	774,709	ROGERS COMMS INC	195,321	7,887,660

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>INTERNATIONAL EQUITY</u>			MARKET	<u>INTERNATIONAL EQUITY</u>			MARKET
<u>RATE</u>	<u>SHARES</u>	<u>VALUE</u>	<u>VALUE</u>	<u>RATE</u>	<u>SHARES</u>	<u>VALUE</u>	<u>VALUE</u>
	13,200	1,181,262			15,150	1,225,889	
	5,333,862	517,685			154,620	1,419,412	
	606,722	19,952,050			247,200	15,396,615	
	566,166	19,280,398			182,800	10,905,795	
	1,660,150	10,270,923			603,000	7,688,250	
	34,850	17,870,421			1,392,509	3,432,543	
	85,000	988,242			2,574,312	6,879,991	
	55,900	3,555,028			99,900	2,795,202	
	361,273	35,246,155			998,134	16,616,958	
	25,600	5,401,018			463,800	9,660,954	
	6,400	336,128			273,228	5,368,930	
	144,200	5,560,346			10,983	244,496	
	26,400	1,198,426			385,928	4,667,033	
	37,750	2,457,903			90,031	246,150	
	36,700	3,824,506			23,100	948,358	
	74,600	1,588,109			529,700	3,272,220	
	57,000	2,697,546			105,100	3,320,109	
	43,000	610,300			17,900	698,995	
	192,000	3,036,662			9,251	254,865	
	87,000	2,468,168			188,391	6,739,995	
	6,000	658,181			29,700	820,995	
	22,300	1,213,367			63,700	4,457,858	
	106,990	5,018,505			846,000	3,988,926	
	161,800	3,177,545			94,700	2,075,174	
	96,618	8,404,467			270,000	1,577,746	
	1,903,857	3,058,018			268,000	1,751,266	
	18,552	3,989,257			105,776	6,958,637	
	300,500	7,037,710			83,500	4,375,323	
	24,300	3,441,517			37,000	1,249,355	
	110,000	847,371			92,100	831,276	
	10,700	1,573,379			206,226	5,671,215	
	288,000	6,462,144			40,233	4,400,997	
	144,500	2,022,482			22,800	1,233,181	
	140,200	6,193,501			1,376,200	10,769,231	
	137,300	3,352,050			660,564	14,975,294	
	566,510	9,119,794			857,782	19,291,969	
	105,202	2,468,340			83,000	1,788,256	
	60,169	2,500,391			37,100	783,769	
	231,000	3,049,285			10,164,477	6,090,461	
	323,000	1,333,648			438,000	4,320,865	
	1,070	11,325,723			28,700	1,482,936	
	42,000	1,036,085			65,374	6,733,212	
	105,000	1,070,684			39,900	1,397,897	
	20,200	1,640,921			64,200	157,932	
	162,800	3,524,734			7,096,214	15,126,333	
	190,500	1,965,827			186,200	3,966,060	
	107,654	7,509,416			254,685	17,855,554	
	30,609	10,057,242			1,025,000	2,878,589	
	36,562	4,850,061			44,135	763,353	
	6,400	770,612			14,000	665,026	

PORTFOLIO OF ASSETS, JUNE 30, 2006

<u>INTERNATIONAL EQUITY</u>	<u>RATE</u>	<u>SHARES</u>	<u>MARKET VALUE</u>
WOLSELEY ORD		34,000	750,214
WOLTERS KLUWER		422,019	9,966,676
WOOLWORTHS LTD		118,883	1,779,731
XSTRATA PLC ORD		35,900	1,361,176
YAHOO JAPAN CORP		3,434	1,820,412
YAMADA DENKI CO		20,200	2,062,144
YAMATO HOLDINGS		135,200	2,400,875
YELL GROUP ORD		115,300	1,090,790
ZURICH FIN SVS GRP		62,781	<u>13,734,945</u>
<b>TOTAL INTERNATIONAL EQUITY</b>			<b>1,548,705,880</b>
<b>TOTAL EQUITY</b>			<b>5,502,225,770</b>
<b>TOTAL LONG-TERM SECURITIES</b>			<b>7,816,917,553</b>
<b>TOTAL PORTFOLIO</b>			<b><u>\$13,319,143,323</u></b>

**Certification of the 2006 Actuarial Valuation**  
**Executive Summary**  
**Funded Status**  
**Analysis of Changes**  
**Actuarial Assumptions and Methods**  
**Development of Employer Cost**  
**Actuarial Present Value of Future Benefits**  
**Analysis of Normal Cost**  
**Schedule of Funding Progress**  
**Schedule of Employer Contributions**  
**Notes to Required Supplementary Information**  
**Membership Data**  
**Historical Summary of Active Member Data**  
**Plan Net Assets (Assets at Market or Fair Value)**  
**Distribution of Assets at Market Value**  
**Reconciliation of Plan Net Assets**  
**Development of Actuarial Value of Assets**  
**Estimation of Yields**  
**History of Cash Flow**  
**Investment Experience Gain or Loss**  
**Total Experience Gain or Loss**  
**Analysis of Change in Unfunded Actuarial Accrued Liability**  
**Projection of UAAL**  
**Solvency Test**  
**Distribution of Active Members by Age and by Years of Service**  
**Summary of Actuarial Assumptions and Methods**  
**Addendum to June 30, 2006, Actuarial Valuation**  
**Schedule of Increases and Decreases of Benefit Recipients**

ACTUARIAL  
SECTION



October 25, 2006

Board of Trustees  
Teachers' Retirement System of Oklahoma  
Oliver Hodge Education Building  
2500 N. Lincoln Boulevard, 5<sup>th</sup> Floor  
Oklahoma City, Oklahoma 73105

Dear Members of the Board:

**Subject: Actuarial Valuation as of June 30, 2006**

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2006.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Oklahoma statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. They are Enrolled Actuaries and Members of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems. They meet the Qualification Standards of the American Academy of Actuaries.

### *Actuarial Valuation*

The primary purposes of the valuation report are to determine the adequacy of the current employer contribution rate, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30 of each year, the last day of the System's plan and fiscal year.

### *Financing Objectives*

The member, employer, State, and "federal matching" contribution rates are established by law. Members contribute 7.00% of covered compensation. Employers contributed 7.05% of covered member salaries in FY 2006. For employers covered by the new Education Employees Service Incentive Plan (EESIP), this rate is scheduled to increase to 7.60% effective Jan. 1, 2007, followed by increases to 7.85% for FY 2007 and 8.00% for FY 2008. For employers not covered by the

EESIP—the comprehensive and regional four-year universities—the contribution rate will remain at 7.05% of salary. In addition, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, and individual income taxes to the System. This percentage was 4.00% in FY 2006, and it increased to 4.50% effective July 1, 2006. It is scheduled to increase again, to 5.00%, for FY 2008. Additionally, the System receives “federal matching contributions” for positions whose funding comes from federal sources or certain grants. The federal matching contribution rate for FY 2006 was 5.00%, and this rate increased to 7.00% for FY 2007. This federal matching rate is intended to approximate the contribution from the State of Oklahoma measured as a percentage of “state” payroll, i.e., payroll excluding that paid from federal or grant sources.

In the fiscal year ending June 30, 2006, the state’s contribution plus the federal contribution was equivalent to a contribution of 6.38% of covered payroll. Combined with the 7.05% employer contribution rate, the employing entities contributed 13.43% of covered payroll for FY 2006. This is expected to increase as the contribution rates for the employers covered by the EESIP and the State of Oklahoma are scheduled to increase. On the other hand, Oklahoma decreased income tax rates in 2006. This reduction is scheduled to be phased in over the next few years. Based on information provided by legislative staff, we project that by 2011, the combined employer/State/federal contributions will amount to about 15.36% of payroll.

The state, local and federal contributions, when combined with the contributions made by members, are intended to pay for the normal cost and to amortize the unfunded actuarial accrued liability (UAAL).

#### *Progress Toward Realization of Financing Objectives*

The UAAL at June 30, 2005 was \$7,100 million, and it increased to \$7,673 million this year. The funded ratio - actuarial value of assets divided by actuarial accrued liability – decreased from 49.5% to 49.3%.

Last year, the period required to completely amortize the UAAL (the funding period) based on the contribution schedule in effect at that time was 42.6 years, measured from June 30, 2005. This year, the funding period is 37.4 years. The increase in the UAAL and the decrease in the Funded Ratio are primarily due to the enactment of HB 1179. This bill created the new EESIP and provided a 2% ad-hoc cost-of-living adjustment (COLA). Although the benefit increases under the EESIP are phased in over three years, the entire impact had to be recognized in this valuation. The scheduled increase in the contribution rates for the employers covered by the EESIP, together with the increase in the State’s contribution due to the improved economy in Oklahoma were sufficient to cover the costs of these benefit improvements and cause a decrease in the funding period.

Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to increase until FY 2025, when it is projected to reach about \$9.5 billion, after which it is projected to decrease until it reaches zero in FY 2044.

### *Deferred Asset Losses/Gains*

The figures above (the UAAL, the funded ratio, and the funding period) are based on actuarial calculations that make use of the actuarial value of assets, not the market value. The actuarial value of assets is based on the market value, but asset gains and losses – earnings greater or less than the 8.00% investment return assumption – are recognized at a rate of 20% per year for five years. The current actuarial value, \$7,470 million, is \$389 million smaller than the market value of \$7,859 million. The actuarial value is now 5% below the market value. The funded ratio determined using the market value rather than the actuarial value is 51.9%.

### *Benefit Provisions*

The actuarial valuation reflects the benefit provisions as set forth in current statutes, including those adopted in the 2006 legislative session.

HB 1179 was enacted in 2006. This bill created the EESIP, which allows members whose benefits earned before July 1, 1995 are limited by the salary cap in effect at the time to increase or remove the cap. To do this, the member must work beyond his/her normal retirement age. A lump-sum payment to the System of additional member contributions for years before July 1, 1995 may also be required. Members employed by the comprehensive universities or by the regional four-year universities are not covered by the EESIP. HB 1179 also granted a 2.00% COLA, and it mandated higher contribution rates in the future for covered employers, as previously described.

### *Assumptions and Methods*

Assumptions are set by the Board of Trustees, taking into account the recommendations of the plan's actuaries. The actuarial assumptions and methods used in this report are unchanged from last year, except that, to reflect the probable impact of the EESIP, retirement rates were reduced by 10% to reflect the fact that members will be encouraged to work beyond normal retirement to take advantage of the EESIP.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of the plan

The results of the actuarial valuation are dependant on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The Retirement Board is required to submit actuarial information about the System to the Oklahoma State Pension Commission. The required information is based on a prescribed set of actuarial assumptions which is different from the assumption set used in preparing the actuarial valuation. This information appears as an addendum to this report in Appendix IV.

*Data*

Member data for retired, active, and inactive participants was supplied as of June 30, 2006 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was supplied by the auditors and by the System's staff.

*Attached Schedules*

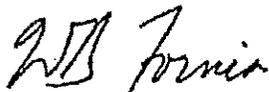
We prepared all of the schedules and exhibits in this section except for the Schedule of Increases and Decreases of Benefit Recipients which was prepared by the System's staff. We have also prepared the Schedule of Funding Progress and the Schedule of Employer Contributions in the Financial Section. We have prepared the annual actuarial valuations each year, beginning with the one prepared as of June 30, 1989. Information related to earlier actuarial valuations was prepared by the previous actuary for the System.

We thank both the staff and the auditors for their assistance.

Sincerely,  
Gabriel, Roeder, Smith & Company



J. Christian Conradi  
Senior Consultant, ASA, MAAA, EA



William B. Fornia, FSA, MAAA, EA  
Senior Consultant



W. Michael Carter, FSA, MAAA, EA  
Senior Consultant

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Executive Summary

Item	2006	2005
<b>Membership</b>		
• Number of		
- Active members	87,194	84,286
- Retirees and beneficiaries	41,782	40,879
- Inactive, vested	6,171	6,008
- Inactive, nonvested	<u>6,606</u>	<u>7,072</u>
- Total	141,753	138,245
• Payroll	\$ 3,355 million	\$ 3,175 million
<b>Statutory contribution rates</b>	<b>FY 2007</b>	<b>FY 2006</b>
• Employers in EESIP	7.60% *	7.05%
• Regional universities	7.05%	7.05%
• Federal/grant salaries	7.00%	5.00%
• Members	7.00%	7.00%
• State (% of tax revenues)	4.50%	4.00%
<b>Assets</b>		
• Market value	\$ 7,859 million	\$ 7,238 million
• Actuarial value	\$ 7,470 million	\$ 6,953 million
• Return on market value	9.4%	10.0%
• Return on actuarial value	8.2%	5.7%
• State/local/federal contributions	\$ 459 million	\$ 406 million
• External cash flow %	-0.7%	-1.3%
• Ratio of actuarial to market value	95.1%	96.1%
<b>Actuarial Information</b>		
• Normal cost %	10.52%	10.52%
• Unfunded actuarial accrued liability (UAAL)	\$ 7,673 million	\$ 7,100 million
• Funded ratio	49.3%	49.5%
• Funding period	37.4 years	42.6 years
<b>GASB 25 ARC (30 year, level %)</b>	<b>FY 2007</b>	<b>FY 2006</b>
• Dollar amount	\$575,745,142	\$535,228,038
• Percent of pay	16.60%	16.32%
<b>Gains/(losses)</b>		
• Asset experience	\$ 13 million	(\$150) million
• Liability experience	119 million	28 million
• Benefit changes	(515) million	0 million
• Assumption changes	<u>0 million</u>	<u>721 million</u>
• Total	(\$383) million	\$ 600 million

\* Change effective January 1, 2007

GABRIEL, ROEDER, SMITH & COMPANY

## Funded Status

Because the employer contribution rates are set by statute, this report determines the funding period required to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The UAAL increased by \$573 million, from \$7.100 billion to \$7.673 billion. The funded ratio – the ratio of the actuarial value of assets to actuarial accrued liability – decreased from 49.5% to 49.3%. The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – has gone from 42.6 years to 37.4 years. We now project that the System will be about 85% funded in 30 years, assuming no further changes in benefits or contribution rates and assuming no actuarial gains or losses.

These effects are primarily due to the establishment in 2006 of the Education Employees Service Incentive Plan (EESIP) by HB 1179. Under the EESIP, members not employed by a comprehensive or regional four-year university have the option to reduce or eliminate the impact of the salary cap on the portion of their benefit related to service before July 1, 1995. Currently, this part of the member's benefit is limited by the pre-1995 salary cap. The member can reduce or eliminate the effect of this cap by working beyond normal retirement and contributing an amount equal to the additional member contribution that would have been made but for the salary cap. Each year worked beyond normal retirement uncaps two years of service. This potential benefit enhancement, coupled with a 2% ad-hoc COLA provided for in the bill, caused an increase in liabilities and a decrease in the funded ratio. In addition, the contribution rate for employers covered by the EESIP will be increased to 7.60% effective January 1, 2007, 7.85% for FY 2008 and 8.00% for FY 2009.

OTRS remains among the most poorly funded of all statewide plans. The actuarial value of assets is just sufficient to cover the liabilities for currently retired members.

The current combined state/local/federal contribution rate of about 13.43% of pay for FY 2006 was not large enough to pay the normal cost and pay the interest on the UAAL. Therefore, negative amortization results. The UAAL is projected to increase until larger employer and State contributions are effective and for a number of years thereafter, reaching about \$9.5 billion in 2025. The UAAL is then projected to begin decreasing, and it is projected to be completely amortized in FY 2044.

This report also determines the GASB Annual Required Contribution (ARC). This is the contribution required to fund the normal cost and to amortize the UAAL as a level percent of pay over 30 years. This amount is 16.60% of salary as shown in Table 1.

## Analysis of Changes

### *UAAL*

Table 12a shows an analysis of the change in the UAAL. The UAAL, which was \$7,099.7 million last year, has increased to \$7,672.9 million this year. However, an increase of \$240.6 million was expected, since the current statutory employer/state/federal contribution rate is not large enough to pay for the normal cost and for interest on the UAAL. Therefore, negative amortization is expected to occur.

The System had a small gain on the actuarial value of assets (AVA). This asset gain decreased the UAAL by \$13.3 million. The gain was due to the fact that the AVA calculation reflects 20% of the asset returns greater than 8.00% for FY 2006, FY 2005, and FY 2004, more than offsetting the remaining deferred losses from FY 2003 and FY 2002. The return on the actuarial value was 8.2% just larger than the assumed 8.00% investment return rate. This is the first year since 2001 that the actuarial return was greater than the assumed 8.00% rate. The actual return on market value was 9.4%.

There was a liability gain of \$186.2 million, a result of actual experience being more favorable than expected based on our assumptions.

The 2.00% ad-hoc COLA effective July 1, 2006 increased the UAAL by \$134.4 million, and the enhanced benefits provided by the EESIP increased the UAAL by \$448.3 million.

### *Funding Period*

The funding period (the period required to amortize the UAAL) decreased from 42.6 years to 37.4 years due primarily to the increased statutory contributions for EESIP employers provided for in HB 1179, and due to the increase in the State's revenue in FY 2006, which significantly increased the State's contribution. This increase in revenue roughly offset the impact of lower future tax rates in our projections. Also relevant was the 3.5% increase in the number of active members, which increased the expected future amortization contributions for the System.

### Actuarial Assumptions and Methods

Appendix III summarizes the actuarial assumptions used to determine the plan's liabilities and the actuarial methods used to determine the normal cost, UAAL and funding period.

There were no changes to the actuarial assumptions and methods for this year, except that the retirement rates were modified in connection with the adoption of the EESIP. We decreased the rates of unreduced retirement by 10% per year, except that after having "uncapped" all service before July 1, 1995, the member's who were assumed to have deferred retirement because of the EESIP are assumed to retire immediately. For example, if a member had only six years of capped service, we decreased the retirement rate for three years, and then assumed the retirement rate would increase at that time, so that anyone who would have, but for the EESIP, already retired would now do so. This adjustment to the retirement rates was made only for members eligible for the EESIP.

We also assumed members would receive the EESIP benefits only if the value of the enhanced benefit exceeds the contribution required of the member, if any.

Development of Employer Cost

	June 30, 2006 (1)	June 30, 2005 (2)
1. Payroll		
a. Supplied by system	\$ 3,354,876,252	\$ 3,175,161,612
b. Adjusted for one year's pay increase	3,511,499,005	3,323,397,002
c. Adjusted for one year's pay increase with pay caps	3,467,673,925	3,279,424,196
2. Present value of future pay (paid monthly, with pay caps)	\$ 26,659,708,976	\$ 25,247,432,031
3. Normal cost rate (payable monthly)		
a. Total normal cost rate	10.52%	10.52%
b. Less: member rate	<u>(7.00%)</u>	<u>(7.00%)</u>
c. Employer normal cost rate	3.52%	3.52%
4. Actuarial accrued liability for active members		
a. Present value of future benefits for active members	\$ 10,293,629,599	\$ 9,360,586,434
b. Less: present value of future employer normal costs (Item 3c * Item 2)	(938,421,756)	(888,709,607)
c. Less: present value of future member contributions	<u>(1,866,179,628)</u>	<u>(1,767,320,242)</u>
d. Actuarial accrued liability	\$ 7,489,028,215	\$ 6,704,556,585
5. Total actuarial accrued liability for:		
a. Retirees and beneficiaries	\$ 7,340,004,548	\$ 7,046,505,663
b. Inactive members	314,325,057	301,371,813
c. Active members (Item 4d)	7,489,028,215	6,704,556,585
d. Total	<u>\$ 15,143,357,820</u>	<u>\$ 14,052,434,061</u>
6. Actuarial value of assets	\$ 7,470,433,915	\$ 6,952,687,592
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 7,672,923,905	\$ 7,099,746,469
8. Funding period based on statutory contribution rates	37.4 years	42.6 years
9. GASB 25 ARC		
a. Employer normal cost (Item 1c * 3c)	\$ 122,062,122	\$ 115,435,732
b. Level % 30-year amortization of UAAL (payable monthly)	<u>\$ 453,683,020</u>	<u>\$ 419,792,306</u>
c. Total	\$ 575,745,142	\$ 535,228,038
d. Contributions as percentage of payroll	16.60%	16.32%

**Actuarial Present Value of Future Benefits**

	June 30, 2006 (1)	June 30, 2005 (2)
1. Active members		
a. Service retirement benefits	\$ 9,034,813,069	\$ 8,155,574,579
b. Deferred termination benefits	467,179,118	448,226,981
c. Refunds	26,790,728	23,436,304
d. Death benefits	174,901,014	157,014,237
e. Disability retirement benefits	211,711,810	202,444,915
f. Supplemental medical insurance	345,836,668	342,098,386
g. \$5,000 post-retirement death benefit	32,397,192	31,791,032
h. Total	<u>\$ 10,293,629,599</u>	<u>\$ 9,360,586,434</u>
2. Retired members		
a. Service retirements	\$ 6,515,186,407	\$ 6,257,694,491
b. Disability retirements	129,088,372	121,757,402
c. Beneficiaries	215,501,453	195,003,598
d. Supplemental medical insurance	409,315,232	402,810,718
e. \$5,000 post-retirement death benefit	70,913,084	69,239,454
f. Total	<u>\$ 7,340,004,548</u>	<u>\$ 7,046,505,663</u>
3. Inactive members		
a. Vested terminations	\$ 266,107,858	\$ 254,209,777
b. Nonvested terminations	24,825,328	24,940,262
c. Suspense fund	23,391,871	22,221,774
d. Total	<u>\$ 314,325,057</u>	<u>\$ 301,371,813</u>
4. Total actuarial present value of future benefits	<u>\$ 17,947,959,204</u>	<u>\$ 16,708,463,910</u>

**Analysis of Normal Cost**

	<u>June 30, 2006</u> (1)	<u>June 30, 2005</u> (2)
1. Gross normal cost rate (payable monthly)		
a. Retirement benefits	7.65%	7.65%
b. Deferred termination benefits	1.33%	1.33%
c. Refunds	0.78%	0.78%
d. Supplemental medical insurance	0.28%	0.28%
e. \$5,000 Post-retirement death benefits	0.04%	0.04%
f. Death Benefits	0.14%	0.14%
g. Disability retirement benefits	0.30%	0.30%
h. Total	<u>10.52%</u>	<u>10.52%</u>
2. Less: member rate	<u>7.00%</u>	<u>7.00%</u>
3. Employer normal cost rate	3.52%	3.52%

TABLE 4a

Teachers' Retirement System of Oklahoma  
 Actuarial Valuation - June 30, 2006

Schedule of Funding Progress  
 (As required by GASB #25)

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial		Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
			Accrued Liability (UAAL) (3) - (2) (4)	Accrued Liability (UAAL) (3) - (2) (4)			
June 30, 1996	\$3,103.0	\$7,843.2	\$4,740.2	\$4,740.2	39.6%	\$2,375.5	199.5%
June 30, 1997	\$3,544.9	\$8,257.2	\$4,712.3	\$4,712.3	42.9%	\$2,428.7	194.0%
June 30, 1998	\$4,085.0	\$8,891.3	\$4,806.3	\$4,806.3	45.9%	\$2,537.7	189.4%
June 30, 1999	\$4,708.0	\$9,458.6	\$4,750.5	\$4,750.5	49.8%	\$2,648.4	179.4%
June 30, 2000	\$5,373.5	\$10,009.2	\$4,635.7	\$4,635.7	53.7%	\$2,738.3	169.3%
June 30, 2001	\$5,959.0	\$11,591.1	\$5,632.1	\$5,632.1	51.4%	\$2,990.5	188.3%
June 30, 2002	\$6,310.9	\$12,275.9	\$5,965.0	\$5,965.0	51.4%	\$3,047.1	195.8%
June 30, 2003	\$6,436.9	\$11,925.2	\$5,488.3	\$5,488.3	54.0%	\$3,045.7	180.2%
June 30, 2004	\$6,660.9	\$14,080.1	\$7,419.2	\$7,419.2	47.3%	\$3,030.7	244.8%
June 30, 2005	\$6,952.7	\$14,052.4	\$7,099.7	\$7,099.7	49.5%	\$3,175.2	223.6%
June 30, 2006	\$7,470.4	\$15,143.4	\$7,672.9	\$7,672.9	49.3%	\$3,354.9	228.7%

GABRIEL, ROEDER, SMITH & COMPANY

**Schedule of Employer Contributions**  
 (As required by GASB #25)

Year Ending June 30,	Annual Required Contribution	Percentage Contributed
(1)	(2)	(3)
1996	\$434,728,781	40.8%
1997	\$446,459,961	62.0%
1998	\$446,219,296	59.1%
1999	\$456,864,002	53.5%
2000	\$455,265,033	60.6%
2001	\$451,463,258	72.7%
2002	\$556,201,571	65.6%
2003	\$585,168,488	61.9%
2004	\$534,811,845	70.2%
2005	\$722,095,783	56.2%
2006	\$535,228,038	85.8%

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**Notes to Required Supplementary Information**  
**(as required by GASB #25)**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, open period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increase *	4.25% to 6.00%
* Includes inflation at:	3.00%
Cost of living adjustment	1.00%

Membership Data

	June 30, 2006 (1)	June 30, 2005 (2)
1. Active members		
a. Number	87,194	84,286
b. Total payroll supplied by System	\$ 3,354,876,252	\$ 3,175,161,612
c. Average salary	\$ 38,476	\$ 37,671
d. Average age	45.7	45.6
e. Average service	11.6	11.6
2. Vested inactive members		
a. Number	6,171	6,008
b. Total annual deferred benefits	\$ 46,902,081	\$ 43,694,160
c. Average annual deferred benefit	\$ 7,600	\$ 7,273
3. Nonvested inactive members		
a. Number	6,606	7,072
b. Member contributions with interest due	\$ 24,825,328	\$ 24,940,262
c. Average refund due	\$ 3,758	\$ 3,527
4. Service retirees		
a. Number	38,426	37,650
b. Total annual benefits <sup>1,2</sup>	\$ 660,869,739	\$ 633,232,293
c. Average annual benefit	\$ 17,199	\$ 16,819
5. Special service retirees		
a. Number	122	159
b. Total annual benefits <sup>1,2</sup>	\$ 279,076	\$ 356,642
c. Average annual benefit	\$ 2,288	\$ 2,243
6. Disabled retirees		
a. Number	1,427	1,378
b. Total annual benefits <sup>1,2</sup>	\$ 15,331,143	\$ 14,507,143
c. Average annual benefit	\$ 10,744	\$ 10,528
7. Beneficiaries and spouses		
a. Number	1,807	1,692
b. Total annual benefits <sup>1,2</sup>	\$ 25,244,296	\$ 22,954,816
c. Average annual benefit	\$ 13,970	\$ 13,567

<sup>1</sup> Benefit amounts exclude the supplemental medical insurance payment.

<sup>2</sup> Benefit amounts for 2006 include 2.00% COLA effective July 1, 2006.

Historical Summary of Active Member Data

Valuation as of June 30, (1)	Active Members		Covered Payroll		Average Salary		Average Age (8)	Average Service (9)
	Number (2)	Percent Increase (3)	Amount in \$ Millions (4)	Percent Increase (5)	\$ Amount (6)	Percent Increase (7)		
1990	69,062	2.0%	1,745	8.4%	25,265	5.0%	43.1	10.5
1991	71,936	4.2%	1,921	10.1%	26,709	5.7%	43.1	10.5
1992	73,568	2.3%	2,002	4.2%	27,218	1.9%	43.3	10.6
1993	75,599	2.8%	2,122	6.0%	28,069	3.1%	43.4	10.7
1994	76,280	0.9%	2,190	3.2%	28,704	2.3%	43.6	10.8
1995	79,044	3.6%	2,336	6.7%	29,555	3.0%	43.6	10.7
1996	78,942	(0.1%)	2,375	1.7%	30,091	1.8%	44.0	11.1
1997	79,510	0.7%	2,429	2.3%	30,546	1.5%	44.2	11.2
1998	80,578	1.3%	2,538	4.5%	31,493	3.1%	44.3	11.2
1999	81,851	1.6%	2,648	4.3%	32,356	2.7%	44.4	11.2
2000	83,024	1.4%	2,738	3.4%	32,982	1.9%	44.5	11.0
2001	84,387	1.6%	2,991	9.2%	35,438	7.4%	44.7	11.0
2002	85,366	1.2%	3,047	1.9%	35,695	0.7%	44.9	11.1
2003	83,127	(2.6%)	3,046	(0.0%)	36,639	2.6%	45.3	11.5
2004	81,683	(1.7%)	3,031	(0.5%)	37,104	1.3%	45.6	11.8
2005	84,286	3.2%	3,175	4.8%	37,671	1.5%	45.6	11.6
2006	87,194	3.5%	3,355	5.7%	38,476	2.1%	45.7	11.6

GABRIEL, ROEDER, SMITH & COMPANY

**Plan Net Assets**  
**(Assets at Market or Fair Value)**

Item	Valuation as of	
	June 30, 2006	June 30, 2005
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 3,812,625	\$ 5,865,559
2. Receivables		
a. Employer and member contributions	\$ 36,461,726	\$ 36,439,084
b. State contribution	21,461,402	16,964,703
c. Net investment income and other accruals	(141,683,726)	(148,165,641)
d. Total receivables	\$ (83,760,598)	\$ (94,761,854)
3. Investments		
a. Invested cash and other	\$ 462,979,733	\$ 370,052,039
b. Domestic equities	3,953,519,890	4,027,784,349
c. International equities	1,548,705,880	1,228,377,976
d. Fixed income	2,314,691,783	2,068,431,073
e. Real estate, furniture & equipment	292,931	320,400
f. Total investments	\$ 8,280,190,217	\$ 7,694,965,837
4. Total assets	\$ 8,200,242,244	\$ 7,606,069,542
5. Liabilities		
a. Benefits payable	\$ 14,353,399	\$ 55,876,956
b. Insurance premium payable	2,500,540	2,515,082
c. Expenses	8,042,858	6,713,569
d. Total liabilities	\$ 24,896,797	\$ 65,105,607
6. Net assets available (Item 4 - Item 5)	\$ 8,175,345,447	\$ 7,540,963,935
7. Less: Teachers' Deposit Fund	(316,408,261)	(302,876,611)
8. Net assets available for OTRS benefits	\$ 7,858,937,186	\$ 7,238,087,324

**Distribution of Assets at Market Value  
 (Percentage of Total Investments)**

Item (1)	Valuation as of	
	June 30, 2006 (2)	June 30, 2005 (3)
a. Invested cash and other	5.59%	4.81%
b. Domestic equities	47.75%	52.34%
c. International equities	18.70%	15.96%
d. Fixed income	27.95%	26.88%
e. Real estate, furniture & equipment	0.01%	0.01%
f. Total investments	100.00%	100.00%

**Reconciliation of Plan Net Assets**

	Year Ending	
	June 30, 2006 (1)	June 30, 2005 (2)
1. Market value of assets at beginning of year, net of Teachers' Deposit Fund	\$ 7,238,087,324	\$ 6,666,489,439
2. Revenue for the year		
a. Contributions		
i. Member contributions, including state credit	\$ 248,961,067	\$ 235,048,239
ii. Federal matching funds	16,094,158	14,047,582
iii. State contribution	202,200,425	163,919,337
iv. Employer/district contributions	241,174,960	227,791,719
v. Total	\$ 708,430,610	\$ 640,806,877
b. Net investment earnings		
i. Interest, dividends and other income	\$ 203,649,117	\$ 186,376,250
ii. Net appreciation/(depreciation)	525,282,129	528,399,334
iii. Less: investment expenses	(25,899,915)	(22,819,283)
iv. Less: transfers to Teachers' Deposit Fund	(27,943,176)	(28,301,788)
v. Net investment earnings	\$ 675,088,155	\$ 663,654,513
c. Total revenue	\$ 1,383,518,765	\$ 1,304,461,390
3. Expenditures for the year		
a. Refunds	30,864,619	\$ 26,755,453
b. Benefit payments, including insurance payments	727,379,278	701,895,788
c. Administrative expenses	4,425,006	4,212,264
d. Total expenditures	762,668,903	\$ 732,863,505
4. Increase in net assets (Item 2 - Item 3)	\$ 620,849,862	\$ 571,597,885
5. Market value of assets at end of year, net of Teachers' Deposit Fund (Item 1 + Item 4)	\$ 7,858,937,186	\$ 7,238,087,324

**Development of Actuarial Value of Assets**

	<u>Year Ending June 30, 2006</u>																												
1. Market value of assets at beginning of year	\$ 7,238,087,324																												
2. Net new investments																													
a. Contributions	\$ 708,430,610																												
b. Benefits paid	(727,379,278)																												
c. Refunds	(30,864,619)																												
d. Subtotal	<u>(49,813,287)</u>																												
3. Market value of assets at end of year	\$ 7,858,937,186																												
4. Net earnings (3-1-2)	\$ 670,663,149																												
5. Assumed investment return rate	8.00%																												
6. Expected return	\$ 577,054,454																												
7. Excess return (4-6)	\$ 93,608,695																												
8. Excess return on assets for last four years :																													
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Period End</u></th> <th style="text-align: center;"><u>Excess Return</u></th> <th style="text-align: center;"><u>Percent Deferred</u></th> <th style="text-align: right;"><u>Deferred Amount</u></th> </tr> <tr> <td></td> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> </tr> </thead> <tbody> <tr> <td>a. June 30, 2003</td> <td style="text-align: right;">(178,333,513)</td> <td style="text-align: center;">20%</td> <td style="text-align: right;">\$ (35,666,703)</td> </tr> <tr> <td>b. June 30, 2004</td> <td style="text-align: right;">678,752,243</td> <td style="text-align: center;">40%</td> <td style="text-align: right;">271,500,897</td> </tr> <tr> <td>c. June 30, 2005</td> <td style="text-align: right;">129,636,869</td> <td style="text-align: center;">60%</td> <td style="text-align: right;">77,782,121</td> </tr> <tr> <td>d. June 30, 2006</td> <td style="text-align: right;">93,608,695</td> <td style="text-align: center;">80%</td> <td style="text-align: right;">74,886,956</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>\$ 388,503,271</u></td> </tr> </tbody> </table>	<u>Period End</u>	<u>Excess Return</u>	<u>Percent Deferred</u>	<u>Deferred Amount</u>		(2)	(3)	(4)	a. June 30, 2003	(178,333,513)	20%	\$ (35,666,703)	b. June 30, 2004	678,752,243	40%	271,500,897	c. June 30, 2005	129,636,869	60%	77,782,121	d. June 30, 2006	93,608,695	80%	74,886,956				<u>\$ 388,503,271</u>
<u>Period End</u>	<u>Excess Return</u>	<u>Percent Deferred</u>	<u>Deferred Amount</u>																										
	(2)	(3)	(4)																										
a. June 30, 2003	(178,333,513)	20%	\$ (35,666,703)																										
b. June 30, 2004	678,752,243	40%	271,500,897																										
c. June 30, 2005	129,636,869	60%	77,782,121																										
d. June 30, 2006	93,608,695	80%	74,886,956																										
			<u>\$ 388,503,271</u>																										
9. Actuarial value of assets (Item 3 - Item 8)	\$ 7,470,433,915																												
10. Actuarial value as percentage of market value	95.1%																												

**Estimation of Yields**

	Year Ending	
	June 30, 2006 (1)	June 30, 2005 (2)
<b>A. Market value yield</b>		
1. Beginning of year market assets	\$ 7,238,087,324	\$ 6,666,489,439
2. Net investment income (including realized and unrealized gains and losses)	\$ 675,088,155	\$ 663,654,513
3. End of year market assets	\$ 7,858,937,186	\$ 7,238,087,324
4. Estimated dollar weighted market value yield	9.4%	10.0%
<b>B. Actuarial value yield</b>		
1. Beginning of year actuarial assets	\$ 6,952,687,592	\$ 6,660,918,318
2. Actuarial return	\$ 567,559,610	\$ 379,613,638
3. End of year actuarial assets	\$ 7,470,433,915	\$ 6,952,687,592
4. Estimated actuarial value yield	8.2%	5.7%

Teachers' Retirement System of Oklahoma  
Actuarial Valuation - June 30, 2006

TABLE 10

History of Cash Flow

Year Ending June 30, (1)	Distributions and Expenditures					Total (6)	External Cash Flow for the Year <sup>1</sup> (7)	Market Value of Assets (8)	External Cash Flow as Percent of Market Value (9)
	Contributions (2)	Benefit Payments (3)	Refunds (4)	Administrative Expenses (5)					
1997	443.2	(418.0)	(20.1)	(2.4)	(440.5)	2.7	4,041	0.1%	
1998	444.8	(439.2)	(23.0)	(3.3)	(465.5)	(20.7)	4,884	(0.4%)	
1999	435.0	(479.6)	(24.5)	(2.7)	(506.9)	(71.8)	5,387	(1.3%)	
2000	471.8	(500.3)	(29.5)	(3.0)	(532.7)	(60.9)	5,890	(1.0%)	
2001	544.8	(537.3)	(31.4)	(3.5)	(572.2)	(27.4)	5,732	(0.5%)	
2002	591.5	(561.2)	(26.7)	(3.9)	(591.9)	(0.4)	5,418	(0.0%)	
2003	582.5	(609.0)	(30.2)	(4.0)	(643.2)	(60.7)	5,614	(1.1%)	
2004	608.4	(647.3)	(33.7)	(3.9)	(684.9)	(76.5)	6,666	(1.1%)	
2005	640.8	(701.9)	(26.8)	(4.2)	(732.9)	(92.1)	7,238	(1.3%)	
2006	708.4	(727.4)	(30.9)	(4.4)	(762.7)	(54.3)	7,859	(0.7%)	

Dollar amounts in millions

<sup>1</sup> Column (7) = Column (2) + Column (6).

**Investment Experience Gain or Loss**

Item (1)	Year Ending June 30, 2006 (2)	Year Ending June 30, 2005 (3)
1. Actuarial assets, beginning of year	\$ 6,952,687,592	\$ 6,660,918,318
2. Contributions during year	\$ 708,430,610	\$ 640,806,877
3. Benefits and refunds paid	\$ (758,243,897)	\$ (728,651,241)
4. Assumed net investment income at 8%		
a. Beginning of year assets	\$ 556,215,007	\$ 532,873,465
b. Contributions	28,337,224	25,632,275
c. Benefits and refunds paid	<u>(30,329,756)</u>	<u>(29,146,050)</u>
d. Total	\$ 554,222,475	\$ 529,359,690
5. Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 7,457,096,780	\$ 7,102,433,644
6. Actual actuarial assets, end of year	\$ 7,470,433,915	\$ 6,952,687,592
7. Asset gain (loss) for year (Item 6 - Item 5)	\$ 13,337,135	\$ (149,746,052)

**Total Experience Gain or Loss**

Item (1)	Year Ending June 30, 2006 (2)	Year Ending June 30, 2005 (3)
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 7,099,746,469	\$ 7,419,230,014
2. Normal cost for the year (employer and employee)	\$ 344,995,425	\$ 339,379,553
3. Less: total contributions for the year	\$ (708,430,610)	\$ (640,806,877)
4. Interest at 8 %		
a. On UAAL	\$ 567,979,718	\$ 593,538,401
b. On normal cost	13,799,817	13,575,182
c. On contributions	(28,337,224)	(25,632,275)
d. Total	<u>\$ 553,442,311</u>	<u>\$ 581,481,308</u>
5. Expected UAAL (Sum of Items 1 - 4)	\$ 7,289,753,595	\$ 7,699,283,998
6. Actual UAAL	\$ 7,672,923,905	\$ 7,099,746,469
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ (383,170,310)	\$ 599,537,529
B. Source of gains and losses		
8. Asset gain (loss) for the year	\$ 13,337,135	\$ (149,746,052)
9. Liability gain (loss) for the year	119,005,533	27,992,764
10. 2% Ad-Hoc COLA	(67,219,288)	-
11. EESIP*	(448,293,690)	-
12. Assumption changes (Experience Study)	<u>-</u>	<u>721,290,817</u>
13. Total	\$ (383,170,310)	\$ 599,537,529

\*Education Employees Service Incentive Plan

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

Basis	June 30, 2006 UAAL (in \$ Millions)	June 30, 2005 UAAL (in \$ Millions)
1. From prior valuation	\$ 7,099.7	\$ 7,419.2
2. Impact of changes, gains and losses		
a. Expected increase based on statutory contributions and passage of time	240.6	321.8
b. Liability (gain)/loss	(119.0)	(28.0)
c. Asset (gain)/loss	(13.3)	149.7
d. Impact of actual ctrb less than expected under schedule	(50.5)	(41.7)
e. 2% Ad-Hoc COLA	67.2	N/A
f. EESIP*	448.3	N/A
g. Assumption changes (Change due to revised actuarial assumptions from 2005 experience study)	0.0	(721.3)
h. Total	573.2	(319.5)
3. Current UAAL (1+2h)	\$ 7,672.9	\$ 7,099.7

\*Education Employees Service Incentive Plan

Columns may not total due to rounding

Projection of UAAL

	<u>Valuation Date</u> (1)	<u>UAAL</u> <u>(Millions)</u> (2)	
A. Actual	June 30, 1993	\$ 3,887.7	
	June 30, 1994	4,038.8	
	June 30, 1995	4,610.5	
	June 30, 1996	4,740.2	
	June 30, 1997	4,712.3	
	June 30, 1998	4,806.2	
	June 30, 1999	4,750.5	
	June 30, 2000	4,635.7	
	June 30, 2001	5,632.1	
	June 30, 2002	5,965.0	
	June 30, 2003	5,488.3	
	June 30, 2004	7,419.2	
	June 30, 2005	7,099.7	
	June 30, 2006	7,672.9	
	B. Projected	June 30, 2007	7,719.6
		June 30, 2008	7,695.9
June 30, 2009		7,805.7	
June 30, 2010		7,945.5	
June 30, 2011		8,102.4	
June 30, 2012		8,256.7	
June 30, 2013		8,407.5	
June 30, 2014		8,553.9	
June 30, 2015		8,694.9	
June 30, 2016		8,829.4	
June 30, 2017		8,956.0	
June 30, 2018		9,073.4	
June 30, 2019		9,180.0	
June 30, 2020		9,274.1	
June 30, 2021	9,353.9		
June 30, 2022	9,417.2		
June 30, 2023	9,461.9		
June 30, 2024	9,485.5		
June 30, 2025	9,485.5		
June 30, 2026	9,459.2		

Projection of UAAL (cont.)

<u>Valuation Date</u> (1)	<u>UAAL</u> <u>(Millions)</u> (2)
June 30, 2027	9,403.5
June 30, 2028	9,315.2
June 30, 2029	9,190.8
June 30, 2030	9,026.2
June 30, 2031	8,817.4
June 30, 2032	8,559.5
June 30, 2033	8,247.7
June 30, 2034	7,876.4
June 30, 2035	7,439.6
June 30, 2036	6,930.7
June 30, 2037	6,342.5
June 30, 2038	5,667.5
June 30, 2039	4,897.3
June 30, 2040	4,022.7
June 30, 2041	3,034.0
June 30, 2042	1,920.3
June 30, 2043	670.2

TABLE 14

Teachers' Retirement System of Oklahoma  
Actuarial Valuation - June 30, 2006

Solvency Test

Actuarial Accrued Liability and Percent of Active Member Payroll for:

June 30,	Accumulated Member Contributions Including Interest		Retirees and Beneficiaries Currently Receiving Benefits		Terminated Employees Not Yet Receiving Benefits		Employer Financed Portion of Vested and Nonvested Benefits		Actuarial Value of Assets		Portion of Accrued Liabilities Covered by Assets	
	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	(1)	(2)	(3)	(4)
1996	1,799.1	76%	3,586.3	151%	106.7	4%	2,351.1	99%	3,103.0	100%	36%	0%
1997	1,967.9	81%	3,797.8	156%	114.4	5%	2,377.1	98%	3,544.9	100%	42%	0%
1998	2,143.4	84%	4,195.9	165%	125.7	5%	2,426.3	96%	4,085.0	100%	46%	0%
1999	2,330.6	88%	4,415.0	167%	136.4	5%	2,576.5	97%	4,708.0	100%	54%	0%
2000	2,518.2	92%	4,803.8	175%	151.1	6%	2,536.1	93%	5,373.5	100%	59%	0%
2001	2,728.4	91%	5,459.6	183%	173.1	6%	3,230.0	108%	5,959.0	100%	59%	0%
2002	2,934.3	96%	5,959.9	196%	184.9	6%	3,196.8	105%	6,310.9	100%	57%	0%
2003	3,072.8	101%	5,894.0	194%	191.0	6%	2,767.4	91%	6,436.9	100%	57%	0%
2004	3,212.9	106%	6,899.0	228%	284.7	9%	3,683.6	122%	6,660.9	100%	50%	0%
2005	3,381.7	107%	7,046.5	222%	301.4	9%	3,322.9	105%	6,952.7	100%	51%	0%
2006	3,853.7	115%	7,340.0	219%	314.3	9%	3,635.3	108%	7,470.4	100%	49%	0%

Note : Dollar amounts in millions

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**Distribution of Active Members by Age and by Years of Service  
As of 06/30/2006**

Attained Age	Years of Credited Service													Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	Count & Ave. Comp.	
Under 25	293 \$17,880	750 \$27,493	232 \$26,725	33 \$21,789	18 \$20,957	7 \$27,490	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,333 \$25,017
25-29	384 \$19,657	1,885 \$29,284	1,655 \$31,012	905 \$32,224	688 \$32,647	1,014 \$32,648	4 \$28,320	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6,535 \$30,439
30-34	339 \$18,099	1,129 \$29,030	971 \$30,944	608 \$35,564	676 \$34,354	4,023 \$35,487	574 \$38,474	2 \$29,448	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8,322 \$33,491
35-39	368 \$16,923	1,105 \$28,128	908 \$31,501	591 \$34,186	618 \$37,634	3,277 \$37,247	2,706 \$39,943	787 \$40,545	4 \$30,927	0 \$0	0 \$0	0 \$0	0 \$0	10,364 \$35,850
40-44	365 \$16,346	968 \$26,950	789 \$28,597	510 \$32,996	576 \$33,050	3,070 \$36,679	1,950 \$41,428	2,400 \$42,681	711 \$44,938	3 \$51,568	0 \$0	0 \$0	0 \$0	11,342 \$36,891
45-49	334 \$16,779	770 \$27,398	716 \$29,990	490 \$31,480	484 \$32,997	3,101 \$36,152	2,237 \$39,101	2,140 \$44,427	2,175 \$46,124	1,145 \$47,783	1 \$84,912	0 \$0	0 \$0	13,593 \$38,942
50-54	244 \$15,192	628 \$30,377	572 \$30,562	383 \$32,768	382 \$36,200	2,665 \$36,887	2,115 \$39,144	2,516 \$42,085	1,922 \$47,248	2,646 \$49,928	872 \$51,549	1 \$41,424	1 \$41,585	14,946 \$41,585
55-59	198 \$18,565	428 \$29,478	397 \$30,616	283 \$32,288	249 \$35,588	1,795 \$38,626	1,668 \$38,897	2,277 \$41,559	1,925 \$45,006	1,462 \$53,726	1,565 \$54,481	476 \$55,402	12,723 \$43,394	12,723 \$43,394
60-64	89 \$15,709	190 \$24,575	168 \$29,268	134 \$32,846	125 \$29,893	808 \$36,006	807 \$40,066	1,121 \$41,163	842 \$44,252	678 \$52,802	473 \$60,504	597 \$63,049	6,032 \$44,100	6,032 \$44,100
65 & Over	57 \$11,958	86 \$18,583	75 \$22,181	44 \$21,954	63 \$23,115	288 \$29,283	272 \$31,910	344 \$40,135	225 \$44,423	153 \$47,916	143 \$61,788	254 \$84,650	2,004 \$42,389	2,004 \$42,389
Total	2,671 \$17,290	7,939 \$28,319	6,483 \$30,299	3,981 \$32,911	3,879 \$34,083	20,048 \$36,313	12,333 \$39,505	11,587 \$42,284	7,804 \$45,758	6,087 \$50,707	3,054 \$54,929	1,328 \$64,423	87,194 \$38,476	87,194 \$38,476

## Summary of Actuarial Assumptions and Methods

### *I. Valuation Date*

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

### *II. Actuarial Cost Method*

Because the employer contribution rate is set by statute, the actuarial valuation is used to determine the funding period--the number of years required to amortize the Unfunded Actuarial Accrued Liability (UAAL). It is also used to calculate the Annual Required Contribution (ARC) as defined by GASB 25.

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, a normal cost rate is first determined. This is the contribution rate (level as a percentage of pay) required to provide the benefits of the average new member. The normal cost rate consists of two pieces: (i) the member's own contribution rate, and (ii) a portion of the employer contribution rate. This second piece is called the employer normal cost rate.

The total normal cost is determined by dividing the present value of future benefits for a hypothetical group of new members by the present value of their future pay. In calculating the benefits for this group, all changes in provisions or member contribution rates scheduled to occur in the future are assumed to already be in effect. The hypothetical group of new entrants was reset in the 2005 experience study, based on actual new members joining during FY 2001 through FY 2005.

Next, the UAAL is determined. This is the liability for future benefits which is in excess of (i) the actuarial value of assets, and (ii) the present value of future normal costs. The employer contribution that is not used for the employer normal cost is applied to amortize the UAAL.

The funding period is calculated as the number of years required to fully amortize the UAAL, assuming that the System's payroll increases at the payroll growth rate and the State's contribution increases at the State's revenue growth rate. Both employer and member contributions are assumed to be made monthly.

The Entry Age actuarial cost method is an "immediate gain" method (i.e., experience gains and losses are separately identified as part of the UAAL). However, they are amortized over the same period applied to all other components of the UAAL.

The actuarial valuation also determines the GASB Annual Required Contribution (ARC). This is the contribution required to pay the normal cost and amortize the UAAL over 30 years as a level percent of pay. The 30-year period applies to all components of the UAAL and is recalculated each year (open amortization method).

III. Actuarial Value of Assets

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 8% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.
2. Salary increase rate: A merit/promotional component dependent on service, plus a 3% inflation component, plus a 1.25% productivity increase, as follows:

Years of Service	Merit/ Promotional Component	Total Salary Increase Rate
(1)	(2)	(3)
0	1.75%	6.00%
1	1.50%	5.75
2	1.00%	5.25
3	1.00%	5.25
4	1.00%	5.25
5	0.75%	5.00
6	0.50%	4.75
7	0.50%	4.75
8	0.50%	4.75
9	0.50%	4.75
10	0.25%	4.50
11	0.25%	4.50
12	0.25%	4.50
13	0.25%	4.50
14	0.25%	4.50
15 or more	0.00%	4.25

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.
4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.
5. Future ad hoc cost-of-living increases: 1.0% per year

B. Demographic Assumptions

1. Mortality rates - after retirement or termination.

- a. Healthy males - 1994 Unisex Pension Mortality Table for males, set back one year.
- b. Healthy females - 1994 Unisex Pension Mortality Table for females, set back one year.
- c. Disabled males - PBGC Table Va for disabled males eligible for Social Security disability benefits weighted by 80%.
- d. Disabled females - PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Age	Expected Deaths per 100 Lives			
	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(4)
40	0.11	0.07	2.26	2.09
45	0.16	0.10	2.58	2.24
50	0.25	0.14	3.06	2.57
55	0.43	0.22	3.86	2.95
60	0.76	0.42	4.82	3.31
65	1.39	0.82	5.42	3.70
70	2.34	1.37	5.91	4.11
75	3.66	2.19	6.74	4.92
80	6.01	3.80	9.02	7.46

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2. Mortality rates - active members - Based on 1989 Experience Study, males and females separate. Sample rates are shown below:

Age	Expected Deaths per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	.04	.02
30	.06	.04
35	.08	.06
40	.11	.08
45	.16	.11
50	.23	.16
55	.32	.23
60	.43	.32
65	.59	.43

3. Disability rates - Based on 2005 Experience Study, males and females separate. Sample rates are shown below:

Age	Expected Disabilities Occurring per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	.025	.025
30	.025	.025
35	.035	.050
40	.065	.125
45	.100	.200
50	.300	.300
55	.450	.420
60	.175	.420
65	.000	.000

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

4. Termination Rates - Separate male and female rates, based on both age and service, developed from the 2005 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:

a. During the first ten years of Credited Service:

Expected Terminations per 100 Lives		
Credited Service (Years)	Males	Females
(1)	(2)	(3)
0	34.00	24.00
1	19.00	16.00
2	14.00	12.25
3	11.50	10.50
4	9.50	9.00
5	7.75	7.75
6	6.75	6.75
7	6.00	6.00
8	5.50	5.00
9	5.00	4.00

b. With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives		
Age	Males	Females
(1)	(2)	(3)
25	4.74	7.01
30	4.10	5.09
35	3.51	3.66
40	2.97	2.74
45	2.51	2.34
50	2.09	2.08
55	1.66	1.63
60	1.32	1.14
65	1.28	0.82

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

5. Retirement rates - Separate male and female rates, based on age, developed from the 2005 Experience Study. Sample rates are shown below:

Age	Expected Retirements per 100 Lives			
	Unreduced Retirement		Reduced Retirement	
	Male	Female	Male	Female
49	00	00	0	0
50	20	20	0	0
51	20	20	0	0
52	20	20	0	0
53	20	20	0	0
54	15	20	0	0
55	15	20	1	2
56	15	20	1	2
57	15	20	2	2
58	15	20	2	2
59	15	20	3	2
60	15	20	4	5
61	15	20	4	5
62	25	30		
63	20	25		
64	20	20		
65	30	40		
66	25	25		
67	25	25		
68	20	20		
69	20	20		
70	100	100		

C. Other Assumptions

1. Percent married: 80% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum and refund.

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4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.
8. Members who retire with at least 24 years of credited service are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.
9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.
10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.
11. For EESIP eligible employees, if the refund amount to be paid exceeds the actuarial present value of the additional benefit, then we assume the member does not elect the enhanced benefit.
12. For those participants eligible for the EESIP, it is assumed that retirement is delayed in each year past first eligibility by 10%, until all eligible years are uncapped, at which point those delayed members are assumed to retire.

V. Participant Data

Participant data was supplied on an electronic file for (i) active members, (ii) inactive vested members who are entitled to a future deferred benefit, (iii) inactive nonvested members who are entitled to a refund of their employee contributions, and in some cases a portion of the accumulated interest, and (iv) members and beneficiaries receiving benefits.

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The data for active and inactive, non-retired members included birthdate, sex, years of service, a classified/non-classified status code, salary, employee contributions and accumulated interest on employee contributions. The data also included a code to indicate whether the employee had elected to make contributions on salary above \$25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the October preceding the valuation date. This salary was adjusted by the salary increase rate for one year, and limited by the maximum pay where appropriate.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Some inactive, nonvested employees who are entitled to a refund are not included in the data, but a liability for their refund is included instead in the Suspense Fund, which is included in the liability.

VI. Dates of Adoption of Assumptions and Methods

Generally, actuarial assumptions and methods were developed from the 2005 experience study, and were adopted by the Board of Trustees in August 2005 and first reflected in the June 30, 2005 actuarial valuation. The adopted assumptions were recommended by the actuary. Some assumptions were left unchanged from the prior experience study in 1999, including female mortality for disabled retirees, the investment return rate, and active member mortality for males and females.

Since the June 30, 2004 valuation, there is an assumption that future ad hoc cost-of-living increases would be granted from time to time, without additional funding, and these would average 1.00% per year.

Effective July 1, 2006, retirement assumptions were modified for members eligible for the EESIP.

## Addendum to June 30, 2006 Actuarial Valuation

### Certification

We have prepared an actuarial valuation of the Oklahoma Teachers' Retirement System as of June 30, 2006, for the plan year ending June 30, 2007. The results of the valuation are set forth in this report, which reflects the provisions of the System as amended and effective on June 30, 2006.

The valuation is based on employee and financial data which were provided by the Oklahoma Teachers' Retirement System and the independent auditor, respectively, and which are summarized in this report.

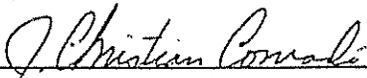
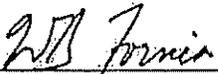
The results in this Addendum have been prepared for the sole purpose of meeting the Retirement Board's requirement to submit this information to the Oklahoma State Pension Commission, based on the following prescribed assumptions (70 O.S. 2001, Section 17-106.1, Section H):

Interest rate: 7.5%  
COLA assumption: 2.0%  
Mortality: RP 2000 Generational Mortality Tables (active members, healthy annuitants, and disabled annuitants)  
Amortization period: 30 years, open period  
Sources of all contributions and revenues, including dedicated tax fee revenue and federal monies

All other assumptions, methodologies, and plan provisions used are consistent with those used in the June 30, 2006 valuation.

The results shown in this Addendum are not consistent with those in the June 30, 2006 valuation. The June 30, 2006 valuation results were determined in accordance with generally accepted actuarial principles and procedures, and are in compliance with the Actuarial Standards of Board Actuarial Standard of Practice No. 27-Selection of Economic Assumptions for Measuring Pension Obligations. The results shown in this Addendum are not based on the assumptions and methodologies adopted by the Retirement Board. For those results, see the June 30, 2006 actuarial valuation.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

 _____ J. Christian Conradi, ASA, MAAA, EA	October 26, 2006
 _____ W. Michael Carter, FSA, MAAA, EA	October 26, 2006
 _____ William B. Fornia, FSA, MAAA, EA	October 26, 2006

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**Summary of Valuation Results under Prescribed Assumptions**

This supplemental report has been prepared by Gabriel, Roeder, Smith & Company for the Oklahoma Teachers' Retirement System to present the results of a valuation of the Oklahoma Teachers' Retirement System as of June 30, 2006, based on the prescribed assumptions under 70 O.S. 2001, Section 17-106.1, Section H of current State Statutes and regulations issued thereunder.

A summary of principal valuation results from the current valuation and the prior valuation.

	Actuarial Valuation as of		Change Between Years	
	June 30, 2006	June 30, 2005	Amount	Percent
<b>Summary of Costs</b>				
Required State Contribution for Current Year under Prescribed Assumptions	\$750,523,585	\$730,904,901	\$19,618,684	2.68%
Actual State Contribution Received in Prior Year	\$202,200,425	\$163,919,337	\$38,281,088	23.35%
<b>Funded Status</b>				
Actuarial Accrued Liability	\$17,448,276,520	\$16,144,811,021	\$1,303,465,499	8.07%
Actuarial Value of Assets	\$7,470,433,915	\$6,952,687,592	\$517,746,323	7.45%
Unfunded Actuarial Accrued Liability	\$9,977,842,605	\$9,192,123,429	\$785,719,176	8.55%
<b>Market Value of Assets and Additional Liabilities</b>				
Market Value of Assets	\$7,858,937,186	\$7,238,087,324	\$620,849,862	8.58%
Present Value of Projected System Benefits	\$20,982,590,103	\$19,491,327,483	\$1,491,262,620	7.65%

Summary of Contribution Requirements	Actuarial Valuation as of				% of Change
	June 30, 2006		June 30, 2005		
	Amount	% of Active Covered Comp	Amount	% of Active Covered Comp	
1. Payroll					
a. Supplied by system	\$3,354,876,252		\$3,175,161,612		5.66%
b. Adjusted for 1-year's pay increase	\$3,511,499,005		\$3,323,397,002		5.66%
c. Adjusted for 1-year's pay increase with pay caps	\$3,467,673,925		\$3,279,424,196		5.74%
2. Total Normal Cost Mid-Year	\$443,458,644	12.79%	\$419,498,676	12.79%	5.71%
3. Unfunded Actuarial Accrued Liability	\$9,977,842,605		\$9,192,123,429		8.55%
4. Amortization of Unfunded Actuarial Accrued Liability over 30 years from July 1, 2006	\$817,114,688	23.56%	\$788,020,125	24.03%	3.69%
5. Total Required Contribution under Prescribed Assumptions (2+4)	\$1,260,573,332	36.35%	\$1,207,518,801	36.82%	4.39%
6. Estimated Employee Contribution (7% x 1c)	\$242,737,175	7.00%	\$229,559,694	7.00%	5.74%
7. Estimated local employer and Federal contributions					
a. Local employers (7.05%)	\$244,471,012	7.05%	\$231,199,406	7.05%	5.74%
b. Federal	\$22,841,560	0.66%	\$15,854,800	0.48%	44.07%
c. Total	\$267,312,572	7.71%	\$247,054,206	7.53%	8.20%
8. Required State Contribution to amortize Unfunded Actuarial Accrued Liability over 30 years from July 1, 2006 (5 - 6 - 7c)	\$750,523,585	21.64%	\$730,904,901	22.29%	2.68%
9. Previous year's actual State Contribution	\$202,200,425	6.17%	\$163,919,337	5.27%	23.35%
10. Funding period	Not Sufficient to Amortize UAAL		Not Sufficient to Amortize UAAL		N/A

### Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected system benefits allocated to past service by the actuarial funding method being used.

	Total System	
	June 30, 2006	June 30, 2005
1. Actuarial Present Value of Benefits		
a. Active members	\$ 12,431,232,745	\$ 11,286,997,374
b. Inactives	360,883,499	346,072,986
c. Retirees and beneficiaries	8,190,473,859	7,858,257,123
d. Total	20,982,590,103	19,491,327,483
2. Actuarial Present Value of Future Normal Costs	\$ 3,534,313,583	\$ 3,346,516,462
3. Total Actuarial Accrued Liability (1d - 2)	\$ 17,448,276,520	\$ 16,144,811,021
4. Actuarial Value of Assets	\$ 7,470,433,915	\$ 6,952,687,592
5. Unfunded Actuarial Accrued Liability (3-4, not less than \$0)	\$ 9,977,842,605	\$ 9,192,123,429

### Normal Cost

The components of normal cost under the System's funding method are:

Component	June 30, 2006	June 30, 2005
Retirement Benefits	\$ 335,670,836	\$ 317,300,185
Withdrawal Benefits	50,255,396	47,527,179
Active Death Benefits	7,690,462	7,272,970
Refunds	23,235,394	21,974,013
Supplemental Medical Insurance	10,475,033	10,168,539
Post Retirement Death Benefits	1,622,353	1,534,280
Disability Benefits	14,509,170	13,721,510
<b>Total Normal Cost (Mid-year)</b>	<b>\$ 443,458,644</b>	<b>\$ 419,498,676</b>
Annual Covered Payroll (with pay caps)	\$ 3,467,673,925	\$ 3,279,424,196
Normal Cost Rate At Mid-year	12.79%	12.79%

### Actuarial Assumptions

This section presents and describes the actuarial assumptions used for this supplemental valuation. The census of members, market and actuarial value of assets, actuarial basis and provisions of the Plan are the same as described elsewhere in this valuation report. The valuation is based on the premise that the Plan will continue in existence.

#### **Economic Assumptions**

1. Investment Return (Prescribed) 7.5%, net of investment and administrative expenses, per annum, compound annually.

2. Earnings Progression Sample rates below:

Years of Service	Merit/ Promotional Component	Total Salary Increase Rate
(1)	(2)	(3)
0	1.75%	6.00%
1	1.50%	5.75
2	1.00%	5.25
3	1.00%	5.25
4	1.00%	5.25
5	0.75%	5.00
6	0.50%	4.75
7	0.50%	4.75
8	0.50%	4.75
9	0.50%	4.75
10	0.25%	4.50
11	0.25%	4.50
12	0.25%	4.50
13	0.25%	4.50
14	0.25%	4.50
15 or more	0.00%	4.25

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.

4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.

5. Future ad hoc cost-of-living increases: We assume that in future years, cost-of-living increases will be granted that will average 2% per year.

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**Demographic Assumptions**

1. Retirement rate - Sample rates are shown below:

Age	Expected Retirements per 100 Lives			
	Unreduced Retirement		Reduced Retirement	
	Male	Female	Male	Female
49	00	00	0	0
50	20	20	0	0
51	20	20	0	0
52	20	20	0	0
53	20	20	0	0
54	15	20	0	0
55	15	20	1	2
56	15	20	1	2
57	15	20	2	2
58	15	20	2	2
59	15	20	3	2
60	15	20	4	5
61	15	20	4	5
62	25	30		
63	20	25		
64	20	20		
65	30	40		
66	25	25		
67	25	25		
68	20	20		
69	20	20		
70	100	100		

2. Mortality rates - Active members – RP-2000 Generational Mortality Tables for active employees, males and females separate, projected with Scale AA.

Retirees (non-disabled) and beneficiaries – RP-2000 Generational Mortality Tables for healthy annuitants, males and females separate, projected with Scale AA.

Disabled retirees – RP-2000 Generational Mortality Tables for disabled annuitants, males and females separate, projected with Scale AA

3. Disability rates - Sample rates are shown below:

Age	Expected Disabilities Occurring per 100 Lives	
	Male Members	Female Members
	(2)	(3)
(1)		
25	.025	.025
30	.025	.025
35	.035	.050
40	.065	.125
45	.100	.200
50	.300	.300
55	.450	.420
60	.175	.420
65	.000	.000

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

4. Withdrawal Rates - Sample rates are shown below:

During the first ten years of Credited Service:

Credited Service (Years)	Expected Terminations per 100 Lives	
	Males	Females
	(2)	(3)
(1)		
0	34.00	24.00
1	19.00	16.00
2	14.00	12.25
3	11.50	10.50
4	9.50	9.00
5	7.75	7.75
6	6.75	6.75
7	6.00	6.00
8	5.50	5.00
9	5.00	4.00

With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives		
Age	Males	Females
(1)	(2)	(3)
25	4.74	7.01
30	4.10	5.09
35	3.51	3.66
40	2.97	2.74
45	2.51	2.34
50	2.09	2.08
55	1.66	1.63
60	1.32	1.14
65	1.28	0.82

Termination rates are not applied to member who is eligible for a retirement benefit (reduced or unreduced)

5. Marital Status – Percentage married: 80% of employees are assumed to be married.  
 Age Difference: Males are assumed to be three (3) years older than females.

### Other Assumptions

1. Percent married: 80% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum and refund.
4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.
8. Members who retire with at least 24 years credit are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.
9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.
10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.
11. For EESIP eligible employees, if the refund amount to be paid exceeds the additional APV of the enhanced benefit, then the employee does not elect the enhanced benefit.
12. For those participants eligible for the EESIP, it is assumed that retirement is delayed in each year past first eligibility by 10%.

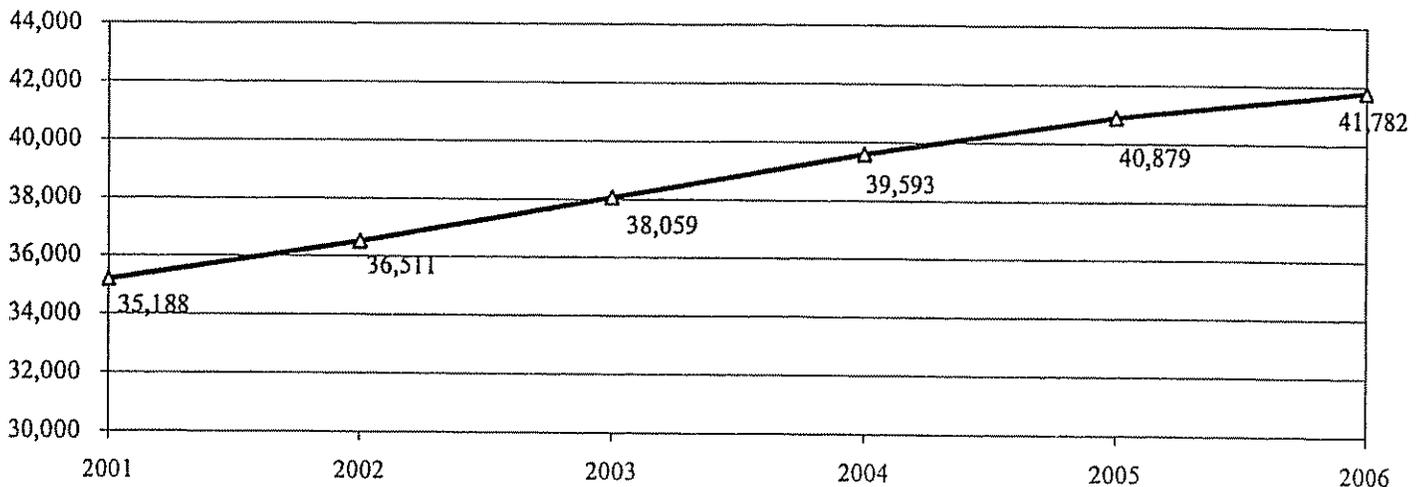
**Schedule of Increases and Decreases  
of Benefit Recipients  
Periods Ended June 30**

Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		%	Average
	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances		
2001	2,098	\$40,394,458	1,027	\$12,641,988	35,188	\$498,928,273	5.9%	\$1,231
2002	2,353	36,595,970	1,030	12,303,662	36,511	523,220,581	4.9%	1,231
2003	2,630	57,537,594	1,082	10,798,222	38,059	569,959,953	8.9%	1,304
2004	2,616	49,732,316	1,082	12,334,953	39,593	607,357,316	6.6%	1,315
2005	2,346	62,318,530	1,060	8,518,211	40,879	661,157,635	8.9%	1,373
2006	2,060	\$32,777,192	1,157	\$7,344,953	41,782	\$686,589,874	3.8%	\$1,376

\* Includes post-retirement increases for members who retired in previous years and changes occurring due to plan options which offer a continuing monthly benefit payment to beneficiaries.

\*\* Does not include special annuitants.

**Retired Members**



**Retired Members by Benefit Type**  
**Average Benefit Payments**  
**Principal Participating Employers**  
**Schedule of Average Payment Amounts**  
**Active Personnel**  
**Schedule of Retired Members by Type of Benefits**  
**Distribution by Years of Service**  
**Distribution by Age at Retirement**  
**Distribution by Retiree Age**  
**Distribution by Monthly Income**  
**Schedule of Cash Receipts and Disbursements**  
**Schedule of Revenue by Source**  
**Schedule of Expenses by Type**  
**Schedule of Benefit Expenses by Type**  
**Retirees in the State of Oklahoma, by County**  
**2006 Participating Employers**



Teachers' Retirement System of Oklahoma  
Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement *						Option Selected #						
		1	2	3	4	5	6	Option A	Option B	Option C	Option D	Option E	Option F	Option G
\$ 1 - \$ 500	6,353	3,426	2,177	253	50	325	122	2,707	1,781	998	255	182	308	122
501 - 1,000	7,675	5,065	1,461	487	73	589	-	2,828	2,118	1,367	629	160	573	-
1,001 - 1,500	7,890	6,842	274	396	11	367	-	2,673	2,344	1,725	680	110	358	-
1,501 - 2,000	11,341	10,662	230	294	2	153	-	3,369	3,533	2,923	1,147	216	153	-
2,001 - 2,500	6,763	6,534	61	161	1	6	-	1,997	1,862	1,865	862	169	8	-
2,501 - 3,000	1,471	1,415	4	52	-	-	-	469	360	394	216	32	-	-
3,001 - 3,500	260	259	-	1	-	-	-	109	83	36	24	8	-	-
3,501 - 4,000	21	21	-	-	-	-	-	11	5	3	1	1	-	-
Over 4,000	8	6	-	2	-	-	-	2	1	4	1	-	-	-
Totals	41,782	34,230	4,207	1,646	137	1,440	122	14,165	12,087	9,315	3,815	878	1,400	122

\* Type of Retirement

- Type 1 - Normal retirement for age and service
- Type 2 - Early retirement
- Type 3 - Beneficiary payment (Normal retirement)
- Type 4 - Beneficiary payment (Early retirement)
- Type 5 - Disability retirement
- Type 6 - Special annuitants

# Option Selected

- Option A - The Maximum Retirement Plan - provides the greatest monthly lifetime benefit.
- Option B - Retirement Option 1 - provides for a decreased rate of reduction of a member's account balance.
- Option C - Retirement Option 2 - known as the 100% joint survivor annuity - provides for a reduced monthly benefit to the member for life. Upon the death of the member, the designated beneficiary will continue to receive 100% of the member's benefit for life.
- Option D - Retirement Option 3 - known as the 50% joint survivor annuity - provides a similar benefit as Option 2, however, upon the death of the member, the monthly benefit to the designated beneficiary is 50% of the benefit of the member.
- Option E - Retirement Option 4 - provides a reduced monthly benefit payable to the member for life. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.
- Option F - Upon meeting requirements, a vested member may receive a monthly benefit.
- Option G - Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943 receives a special annuity.

Average Benefit Payments

Retirement Effective Dates	Years of Credited Service							
	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40+
Period 7/1/1996 to 6/30/1997								
Average monthly benefit		\$376	\$642	\$1,026	\$1,531	\$1,839	\$2,174	\$2,529
Average final average salary	\$21,119	\$24,461	\$28,880	\$34,860	\$36,759	\$37,694	\$39,633	
Number of retired members	323	259	381	577	379	70	39	
Period 7/1/1997 to 6/30/1998								
Average monthly benefit		\$373	\$652	\$1,099	\$1,557	\$1,896	\$2,199	\$2,528
Average final average salary	\$21,051	\$25,190	\$30,586	\$35,285	\$37,713	\$38,215	\$39,353	
Number of retired members	311	247	407	624	359	96	34	
Period 7/1/1998 to 6/30/1999								
Average monthly benefit		\$400	\$664	\$1,077	\$1,584	\$1,890	\$2,230	\$2,726
Average final average salary	\$22,791	\$25,903	\$30,261	\$35,948	\$37,453	\$38,922	\$40,550	
Number of retired members	288	240	375	590	408	99	31	
Period 7/1/1999 to 6/30/2000								
Average monthly benefit		\$427	\$680	\$1,111	\$1,610	\$1,926	\$2,306	\$2,668
Average final average salary	\$24,313	\$27,068	\$31,312	\$36,344	\$38,223	\$39,999	\$41,673	
Number of retired members	357	260	362	563	422	115	30	
Period 7/1/2000 to 6/30/2001								
Average monthly benefit		\$410	\$680	\$1,187	\$1,641	\$1,982	\$2,326	\$3,844
Average final average salary	\$22,766	\$26,326	\$33,206	\$37,116	\$39,653	\$40,789	\$43,496	
Number of retired members	314	267	361	580	445	105	26	
Period 7/1/2001 to 6/30/2002								
Average monthly benefit		\$442	\$713	\$1,181	\$1,670	\$1,999	\$2,356	\$2,631
Average final average salary	\$24,769	\$28,502	\$33,217	\$38,045	\$39,787	\$41,533	\$41,826	
Number of retired members	329	317	421	649	473	124	40	
Period 7/1/2002 to 6/30/2003								
Average monthly benefit		\$478	\$772	\$1,249	\$1,696	\$2,065	\$2,399	\$2,750
Average final average salary	\$26,853	\$29,763	\$34,707	\$38,797	\$40,775	\$41,913	\$41,881	
Number of retired members	334	337	444	715	600	167	33	
Period 7/1/2003 to 6/30/2004								
Average monthly benefit	\$306	\$490	\$772	\$1,239	\$1,700	\$2,010	\$2,381	\$2,796
Average final average salary	\$28,628	\$28,466	\$30,699	\$35,192	\$38,860	\$41,194	\$42,436	\$43,492
Number of retired members	99	381	358	433	639	505	153	48
Period 7/1/2004 to 6/30/2005								
Average monthly benefit	\$314	\$502	\$804	\$1,228	\$1,731	\$2,035	\$2,358	\$2,915
Average final average salary	\$31,394	\$28,718	\$31,363	\$34,939	\$40,015	\$41,648	\$43,218	\$46,519
Number of retired members	94	335	304	467	531	417	150	48
Period 7/1/2005 to 6/30/2006								
Average monthly benefit	\$311	\$545	\$803	\$1,204	\$1,729	\$2,008	\$2,350	\$2,944
Average final average salary	\$28,873	\$30,160	\$31,960	\$34,350	\$39,703	\$42,053	\$42,948	\$47,656
Number of retired members	112	275	325	403	475	328	107	35

Teachers' Retirement System of Oklahoma  
Principal Participating Employers  
Current Year and Nine Years Ago

<u>Participating School</u>	<u>Fiscal Year 2006</u>			<u>Fiscal Year 1997</u>		
	<u>Covered Members</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Members</u>	<u>Rank</u>	<u>Percentage of Total System</u>
Oklahoma City Public Schools	4,232	1	4.87%	4,533	1	5.69%
Tulsa Public Schools	3,967	2	4.55%	3,689	2	4.64%
Oklahoma State University	3,689	3	4.23%	3,647	3	4.59%
University of Oklahoma	2,802	4	3.21%	1,612	8	2.03%
Edmond Public Schools	2,184	5	2.50%	2,430	4	3.06%
Moore Public Schools	2,075	6	2.38%	1,824	5	2.29%
OU Health Sciences Center	2,061	7	2.36%	1,676	6	2.11%
Lawton Public Schools	1,633	8	1.87%	1,482	9	1.86%
Putnam City Public Schools	1,610	9	1.85%	1,675	7	2.11%
Mid-Del Public Schools	1,553	10	1.78%	1,429	10	1.80%
* All Other	61,388		70.40%	55,513		69.82%
Total (628 Schools)	87,194		100.00%	79,510		100.00%

\*In Fiscal Year 2006 , "all other " consisted of:

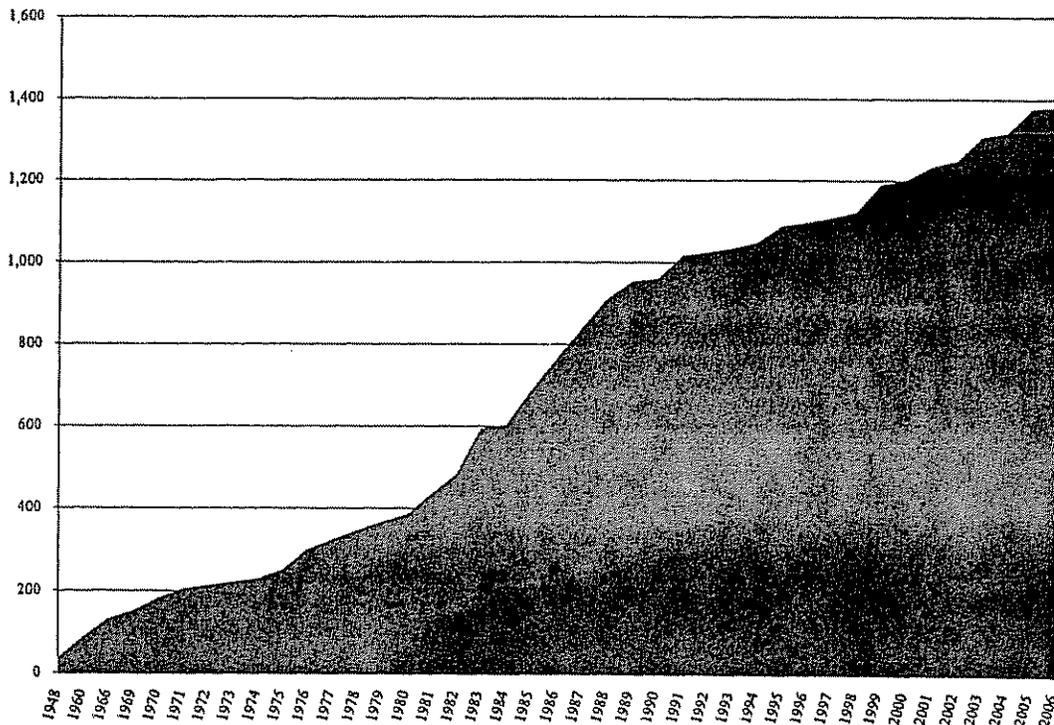
<u>Type</u>	<u>Participating Employers</u>	<u>Members</u>
School Districts	532	47,870
Higher Education	26	8,272
Career Technology	28	3,522
State Agencies	24	1,565
Other	<u>8</u>	<u>159</u>
Total	618	61,388

**Teachers' Retirement System of Oklahoma**  
**Schedule of Average Payment Amounts**  
**Fiscal Year Ended June 30, 2006**

Date	Regular Annuitants	Date	Regular Annuitants	Special Annuitants
June 30, 1948	\$33	June 30, 1986	\$761	\$150
June 30, 1954	75	June 30, 1987	837	159
June 30, 1960	83	June 30, 1988	907	159
June 30, 1966	129	June 30, 1989	949	159
June 30, 1969	148	June 30, 1990	956	159
June 30, 1970	179	June 30, 1991	1,013	159
June 30, 1971	201	June 30, 1992	1,021	159
June 30, 1972	209	June 30, 1993	1,030	159
June 30, 1973	217	June 30, 1994	1,044	159
June 30, 1974	226	June 30, 1995	1,084	163
June 30, 1975	248	June 30, 1996	1,093	163
June 30, 1976	297	June 30, 1997	1,105	163
June 30, 1977	321	June 30, 1998	1,119	163
June 30, 1978	345	June 30, 1999	1,187	172
June 30, 1979	365	June 30, 2000	1,199	172
June 30, 1980	382	June 30, 2001	1,231	175
June 30, 1981	432	June 30, 2002	1,246	175
June 30, 1982	480	June 30, 2003	1,304	175
June 30, 1983	592	June 30, 2004	1,304	180
June 30, 1984	600	June 30, 2005	1,373	187
June 30, 1985	\$683	June 30, 2006	\$1,376	\$191

Note that figures after June 30, 1989 do not include monthly medical premium

**Average Retirement Payments**



Does not include special annuitants.

**Active Personnel**  
**Fiscal Year Ended June 30, 2006**

Years of Service	All Active Personnel	Classified Personnel	Unclassified Personnel
Under 5 yrs.	24,953	13,948	11,005
5-9	20,048	12,743	7,305
10-14	12,333	8,342	3,991
15-19	11,587	8,040	3,547
20-24	7,804	5,907	1,897
25-29	6,087	5,535	552
30-34	3,054	2,922	132
35-39	1,133	1,097	36
40-44	169	160	9
45-49	22	22	0
50-54	4	4	0
Totals	87,194	58,720	28,474

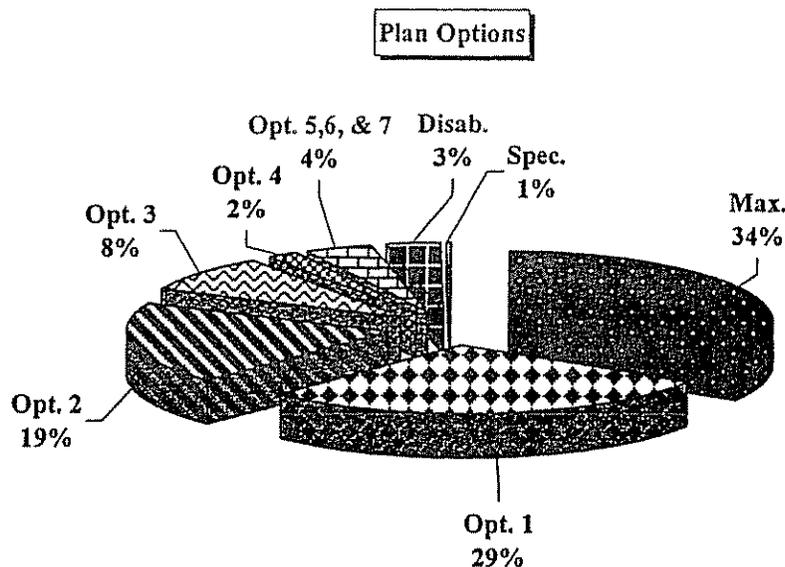
Salary Range	All Active Personnel	Classified Personnel	Unclassified Personnel
0-\$5,000	486	256	230
5001-10,000	2,261	271	1,990
10,001-15,000	5,582	448	5,134
15,001-20,000	4,966	949	4,017
20,001-25,000	4,245	765	3,480
25,001-30,000	6,933	3,852	3,081
30,001-35,000	17,005	14,059	2,946
35,001-40,000	14,687	12,517	2,170
40,001-45,000	9,984	8,484	1,500
45,001-50,000	5,779	4,713	1,066
50,001-55,000	3,744	2,939	805
55,001-60,000	2,645	2,090	555
60,001-65,000	2,164	1,734	430
65,001-70,000	1,479	1,204	275
70,001-75,000	1,070	885	185
75,001 and Above	4,164	3,554	610
Totals	87,194	58,720	28,474

Average Age (years)	45.1	44.6	46.2
Average Salary	\$38,476	\$43,567	\$27,978
Average Service (years)	11.6	13.1	8.4

**Schedule of Retired Members by Type of Benefits  
Selected Plan Options  
Fiscal Year Ended June 30, 2006**

Option	Retired Members			Average Monthly Payment	% of Total
	Male	Female	Total		
Maximum	3,009	11,156	14,165	\$1,292	34%
Option 1	3,040	9,047	12,087	1,408	29%
Option 2	4,864	3,177	8,041	1,563	19%
Option 3	1,716	1,606	3,322	1,734	8%
Option 4	289	564	853	1,383	2%
Options 5, 6 & 7	1,523	271	1,794	1,130	4%
Disability	387	1,011	1,398	901	3%
Special Annuitants	10	112	122	190	1%
<b>Totals</b>	<b>14,838</b>	<b>26,944</b>	<b>41,782</b>	<b>\$1,376</b>	<b>100%</b>

Average monthly payment is \$1,376 excluding special annuitants



Maximum - provides for the greatest possible benefit.

Option 1 - provides for a decreased rate of reduction of member's account balance.

Option 2 - provides for a reduced monthly benefit to the member for life. Upon death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.

Option 3 - provides a similar benefit as Option 2, however, upon death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.

Option 4 - provides a reduced monthly benefit. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Options 5, 6 & 7 - represents beneficiaries of options 2, 3 & 4.

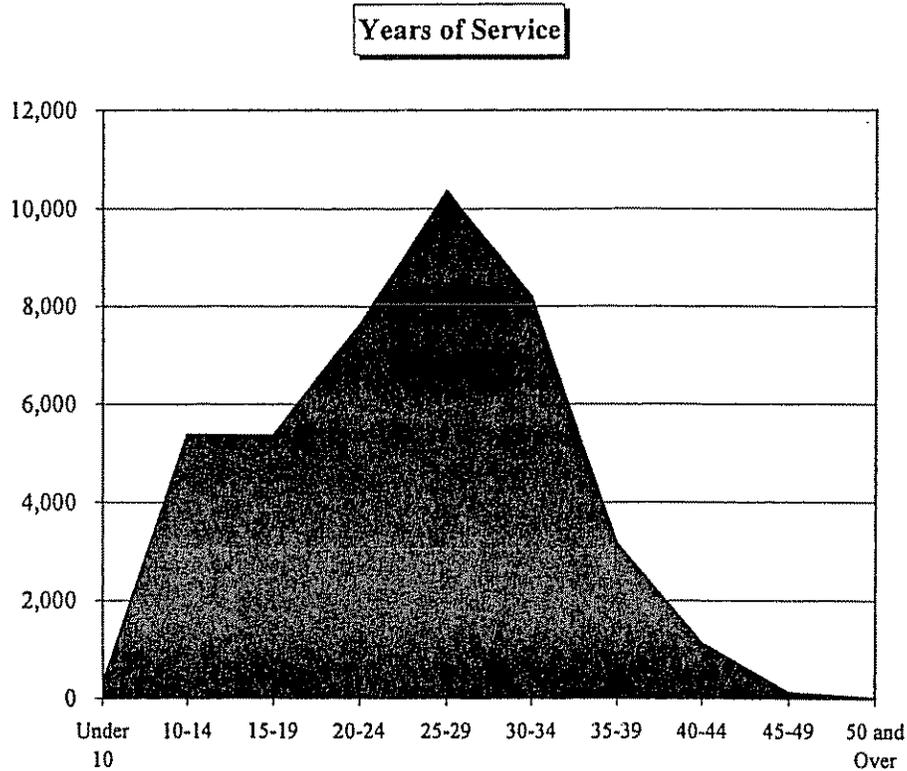
Disability - upon meeting requirements, a vested member may receive a monthly benefit.

Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943.

**Teachers' Retirement System of Oklahoma  
Distribution by Years of Service  
Fiscal Year Ended June 30, 2006**

Years of Creditable Service	Retired Members			Average Monthly Payment
	Male	Female	Total	
	Under 10	132	186	
10-14	1,555	3,818	5,373	422
15-19	1,530	3,832	5,362	693
20-24	1,800	5,816	7,616	1,135
25-29	3,422	6,935	10,357	1,630
30-34	3,669	4,533	8,202	1,939
35-39	1,838	1,320	3,158	2,133
40-44	734	400	1,134	2,353
45-49	88	36	124	2,612
50 and Over	10	6	16	3,198
<b>Totals</b>	<b>14,778</b>	<b>26,882</b>	<b>41,660</b>	<b>\$1,376</b>

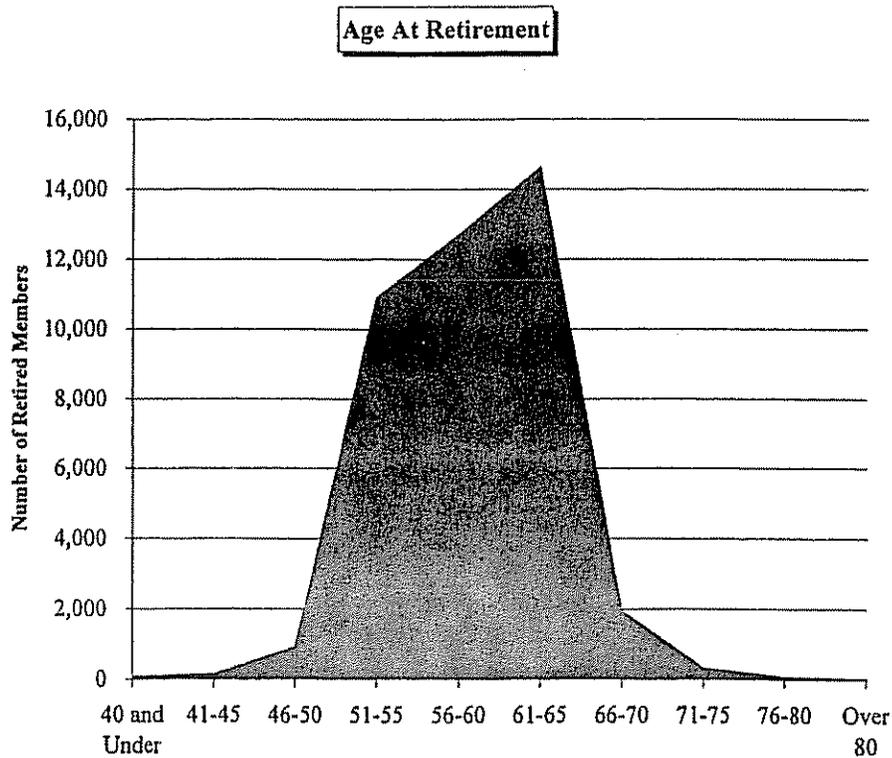
Does not include 122 special annuitants.



**Distribution by Age at Retirement  
Fiscal Year Ended June 30, 2006**

Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service (Years)
	Male	Female	Total		
40 and Under	20	48	68	\$643	13.2
41-45	40	108	148	854	16.1
46-50	340	584	924	1,578	25.3
51-55	4,490	6,395	10,885	1,686	27.3
56-60	4,032	8,655	12,687	1,397	25.2
61-65	5,006	9,595	14,601	1,178	23.3
66-70	710	1,236	1,946	1,075	21.9
71-75	119	204	323	835	20.6
76-80	30	36	66	816	20.4
Over 80	1	11	12	668	18.8
<b>Totals</b>	<b>14,788</b>	<b>26,872</b>	<b>41,660</b>	<b>\$1,376</b>	<b>24.8</b>

Does not include 122 special annuitants.  
The average age of members at retirement is 58.7.



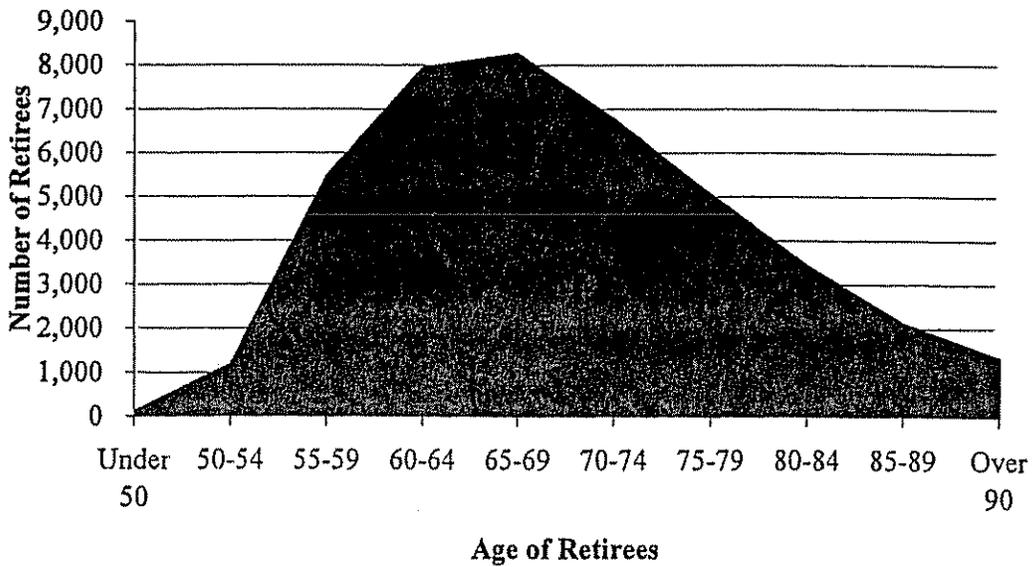
**Distribution by Retiree Age  
Fiscal Year Ended June 30, 2006**

Age	Total Retired Members	Average Length of Service	Average Monthly Payment
Under 50	119	15.4	\$841
50-54	1,180	27.0	1,753
55-59	5,472	26.4	1,673
60-64	7,935	25.0	1,526
65-69	8,255	23.9	1,384
70-74	6,773	23.5	1,257
75-79	5,045	24.2	1,215
80-84	3,426	25.3	1,156
85-89	2,116	26.4	1,097
Over 90	1,339	28.4	1,155
<b>Totals</b>	<b>41,660</b>	<b>24.9</b>	<b>\$1,376</b>

Does not include 122 special annuitants.

Average age of retired members is 69.4 years

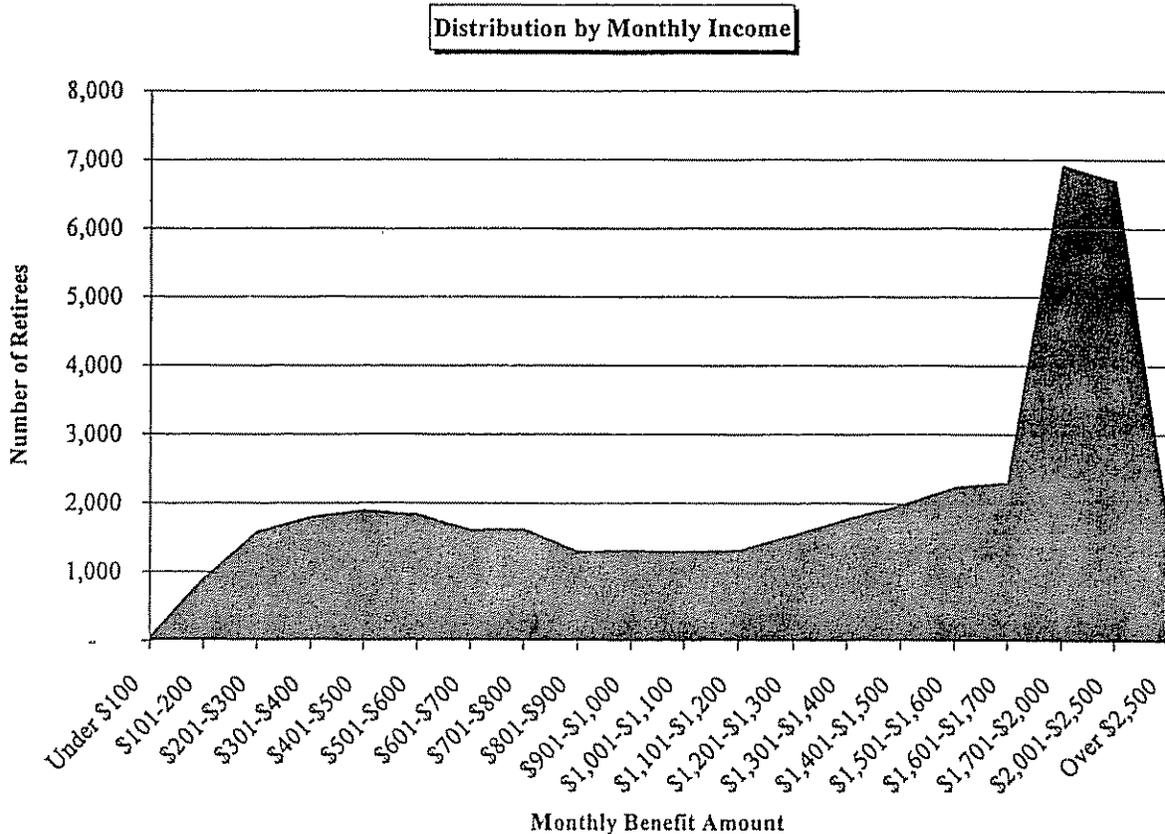
**Average Age of Retirees**



**Distribution by Monthly Income  
Fiscal Year Ended June 30, 2006**

Monthly Income	Retired Members	Total	Average Payment
Under \$100	48	\$4,218	\$88
\$101-200	910	145,423	160
\$201-300	1,588	401,126	253
\$301-400	1,796	630,466	351
\$401-500	1,889	849,401	450
\$501-600	1,832	1,006,628	549
\$601-700	1,616	1,050,549	650
\$701-800	1,621	1,213,668	749
\$801-900	1,301	1,103,967	849
\$901-1,000	1,305	1,238,290	949
\$1,001-1,100	1,298	1,363,593	1,051
\$1,101-1,200	1,311	1,509,008	1,151
\$1,201-1,300	1,537	1,922,364	1,251
\$1,301-1,400	1,773	2,393,967	1,350
\$1,401-1,500	1,971	2,857,163	1,450
\$1,501-1,600	2,230	3,460,296	1,552
\$1,601-1,700	2,291	3,779,731	1,650
\$1,701-2,000	6,905	12,768,911	1,849
\$2,001-2,500	6,678	14,744,519	2,208
Over \$2,500	1,760	4,884,409	2,775
<b>Totals</b>	<b>41,660</b>	<b>\$57,327,697</b>	<b>\$1,376</b>

Does not include 122 special annuitants



**Teachers' Retirement System of Oklahoma  
Schedule of Cash Receipts and Disbursements  
Years Ended June 30, 2006 and 2005**

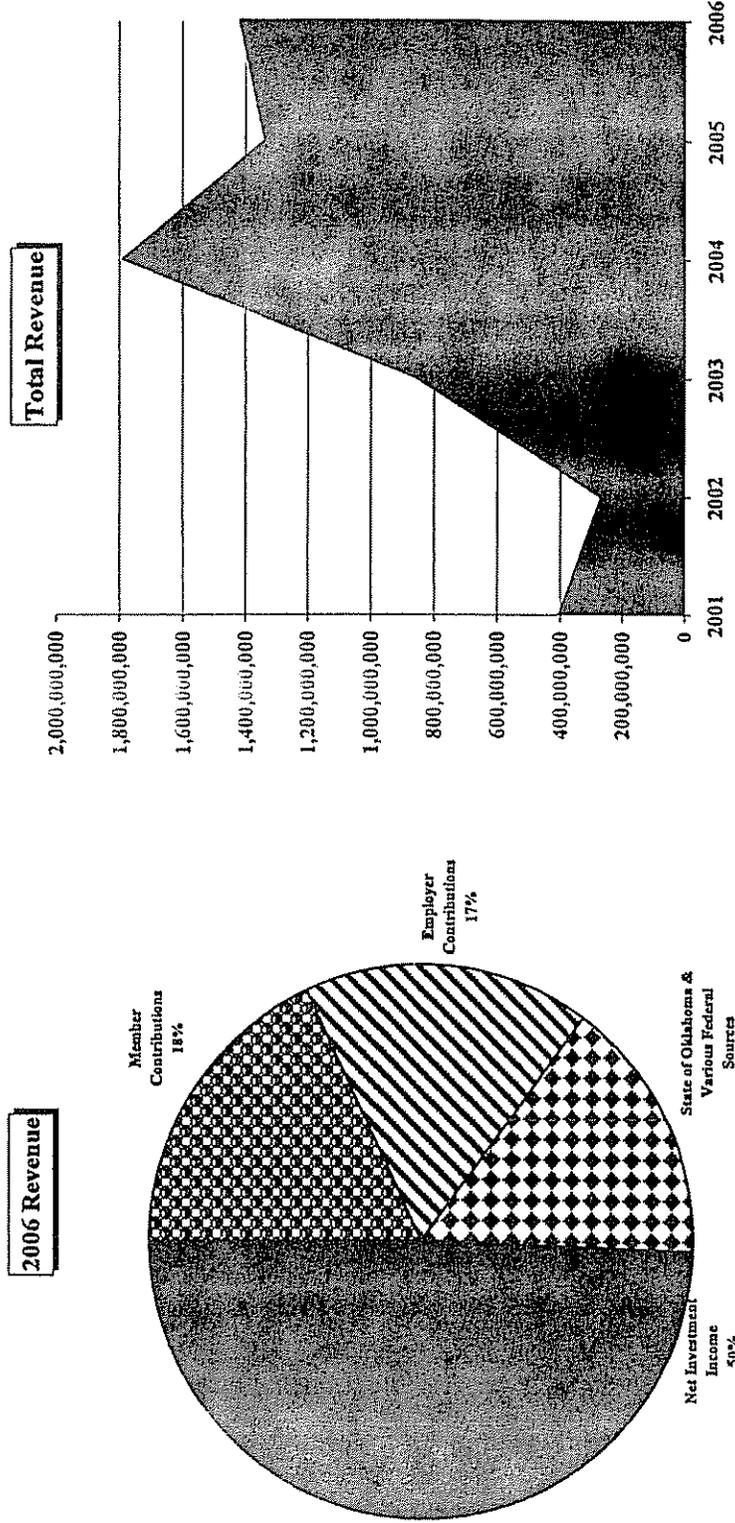
	<u>2006</u>	<u>2005</u>
Cash balance, beginning of year	\$5,865,559	\$6,466,943
<u>Receipts:</u>		
Members' contributions	247,942,623	233,944,999
Member tax-shelter	7,625,919	6,410,810
Employer statutory requirement from local school districts	240,091,467	226,040,204
Matching Funds	15,769,385	13,953,615
Dedicated revenue	197,703,725	160,803,017
Interest income	107,514,925	85,675,758
Dividends	89,850,914	92,143,726
Net gain (loss) on investments	607,955,957	412,070,334
Other revenue	5,024,630	4,508,309
* Investments sold	<u>19,501,581,370</u>	<u>17,681,465,318</u>
Total receipts	<u>21,021,060,915</u>	<u>18,917,016,090</u>
<u>Disbursements:</u>		
Retirement, death, survivor, and health benefits	769,012,576	697,748,160
Refund of member contributions and annuity payments	52,902,064	44,060,267
Administrative expenses	4,282,564	4,192,310
Investment expenses	25,378,255	23,668,049
Equipment purchases	75,203	0
* Investment purchases	<u>20,171,463,187</u>	<u>18,147,948,688</u>
Total disbursements	<u>21,023,113,849</u>	<u>18,917,617,474</u>
Balance of cash, June 30	<u>\$3,812,625</u>	<u>\$5,865,559</u>

\* Includes equities, fixed income and short-term investments.

## Teachers' Retirement System of Oklahoma Schedule of Revenue by Source

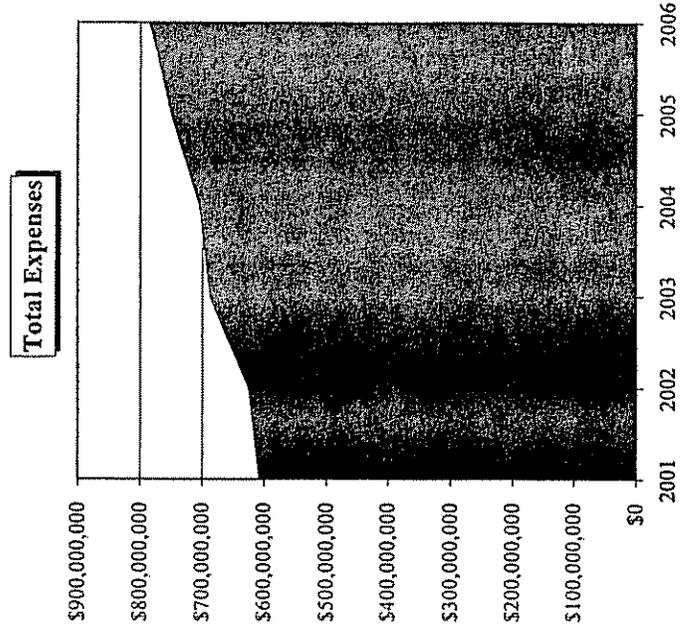
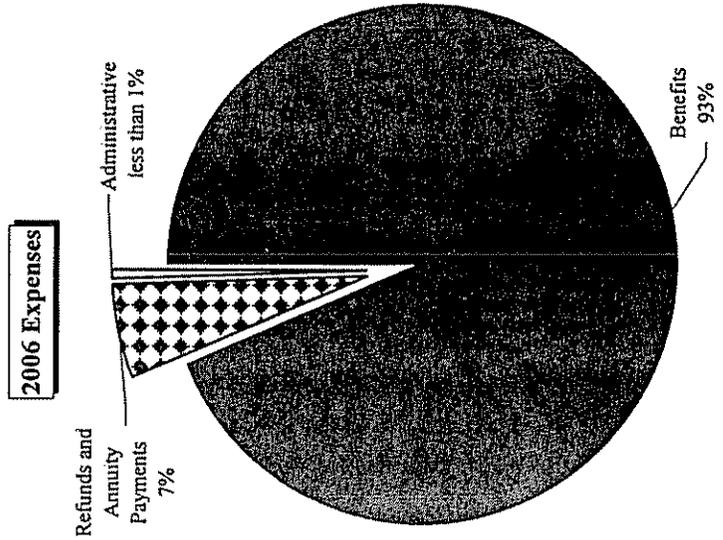
Year	Member Contributions	Employer Contributions	State of Oklahoma & Various Sources		Net Investment Income	Other Revenue	Total
			Federal	State			
2001 *	\$221,934,654	\$172,749,389	\$155,331,620		(\$146,783,146)	\$2,715,344	\$405,947,861
2002 *	231,260,978	210,829,995	154,196,326		(328,671,703)	2,937,408	270,553,004
2003 *	224,952,145	218,841,977	143,147,463		263,873,633	2,162,527	852,977,745
2004 *	238,312,953	219,126,867	156,142,888		1,175,826,812	2,511,256	1,791,920,776
2005 *	241,459,049	227,791,719	177,966,919		688,638,096	3,318,204	1,339,173,987
2006 *	\$256,586,987	\$241,174,959	\$218,294,582		\$699,048,530	\$3,982,803	\$1,419,087,861

\* - Investment income includes both realized and unrealized gains and losses on investments.



## Teachers' Retirement System of Oklahoma Schedule of Expenses by Type

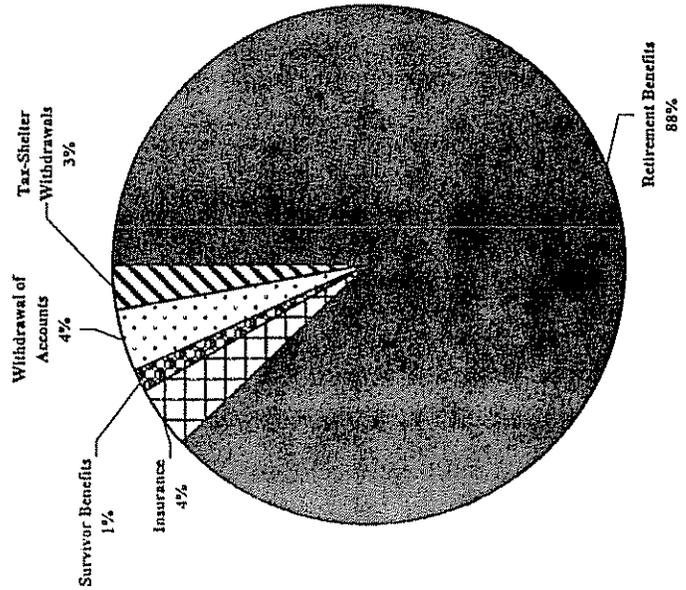
<u>Year</u>	<u>Benefits</u>	<u>Refunds and Annuity Payments</u>	<u>Administrative Expenses</u>	<u>Total</u>
2001	\$537,308,002	\$65,763,326	\$3,471,796	\$606,543,124
2002	561,222,392	58,495,950	3,905,754	623,624,096
2003	608,976,125	73,563,552	4,007,846	686,547,523
2004	647,277,986	52,327,030	3,851,320	703,456,336
2005	701,715,390	44,060,265	4,212,266	749,987,921
2006	\$727,379,279	\$52,902,064	\$4,425,007	\$784,706,350



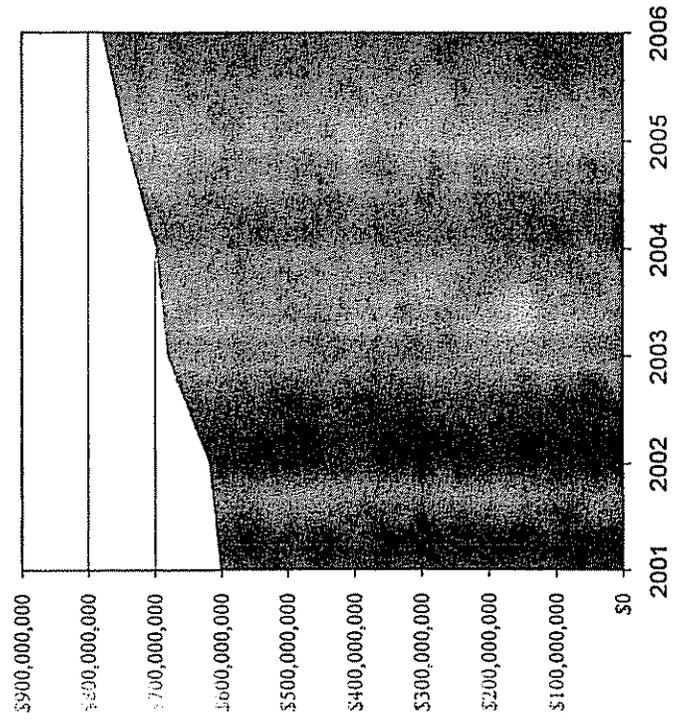
## Teachers Retirement System of Oklahoma Schedule of Benefit Expenses by Type

<u>Year</u>	<u>Retirement Benefits</u>	<u>Insurance Payments</u>	<u>Survivor Benefits</u>	<u>Withdrawal of Accounts</u>	<u>Tax-Shelter Withdrawals</u>	<u>Total</u>
2001	\$498,928,273	\$29,159,573	\$9,220,156	\$31,432,937	\$34,330,389	\$603,071,328
2002	523,220,581	29,227,075	8,774,736	26,728,503	31,767,447	619,718,342
2003	569,959,953	29,625,205	9,390,967	30,176,320	43,387,232	682,539,677
2004	607,357,316	31,142,570	8,778,100	33,663,294	18,663,735	699,605,015
2005	661,157,635	30,933,923	9,623,832	26,935,850	17,124,415	745,775,655
2006	\$686,589,873	\$30,421,535	\$10,367,870	\$30,864,619	\$22,037,445	\$780,281,342

**2006 Benefit Expenses**



**Total Benefit Expenses**



## Retirees in the State of Oklahoma by County

Of the 41,782 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma 91% or 38,104 remain state of Oklahoma residents. As such, benefit payments of approximately, \$648,254,102 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.

<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>	<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>
Adair	290	\$4,998,555	LeFlore	605	\$10,632,520
Alfalfa	101	1,772,375	Lincoln	327	5,010,956
Atoka	175	2,933,436	Logan	332	4,918,536
Beaver	90	1,465,821	Love	85	1,355,582
Beckham	229	3,969,627	Major	81	1,265,206
Blaine	153	2,608,385	Marshall	192	3,265,909
Bryan	626	10,919,590	Mayes	398	6,974,558
Caddo	392	5,764,499	McClain	360	5,731,282
Canadian	890	15,379,332	McCurtain	466	8,182,059
Carter	521	8,701,220	McIntosh	336	5,915,994
Cherokee	752	13,916,720	Murray	162	2,963,826
Choctaw	187	3,044,127	Muskogee	950	17,118,911
Cimarron	34	560,588	Noble	116	1,723,887
Cleveland	2,285	39,478,649	Nowata	76	1,275,276
Coal	60	956,820	Okfuskee	149	2,397,069
Comanche	1,218	21,432,222	Oklahoma	6,635	113,947,287
Cotton	68	1,103,415	Okmulgee	596	9,455,868
Craig	169	2,784,540	Osage	164	2,638,514
Creek	529	8,668,625	Ottawa	527	8,143,250
Custer	442	7,921,192	Pawnee	148	2,179,219
Delaware	265	4,816,101	Payne	1,682	28,417,960
Dewey	88	1,509,451	Pittsburg	500	8,152,610
Ellis	52	791,726	Pontotoc	632	10,989,530
Garfield	592	9,687,795	Pottawatomie	646	10,550,943
Garvin	380	6,002,266	Pushmataha	144	2,362,413
Grady	499	8,142,943	Roger Mills	70	1,165,709
Grant	79	1,143,575	Rogers	580	10,382,073
Greer	84	1,418,574	Seminole	295	4,721,529
Harmon	66	1,083,875	Sequoyah	505	8,930,954
Harper	76	1,368,464	Stephens	446	7,654,483
Haskell	178	2,995,980	Texas	176	2,950,610
Hughes	151	2,427,142	Tillman	112	1,846,401
Jackson	318	5,943,734	Tulsa	4,883	84,682,197
Jefferson	81	1,339,968	Wagoner	312	5,619,635
Johnston	206	3,540,175	Washington	511	8,122,337
Kay	529	8,607,472	Washita	137	2,312,347
Kingfisher	148	2,483,321	Woods	232	3,808,809
Kiowa	164	2,615,876	Woodward	183	3,097,435
Latimer	186	3,092,242			
			Total	<u>38,104</u>	<u>\$648,254,102</u>

**2006 PARTICIPATING EMPLOYERS  
PUBLIC SCHOOL DISTRICTS**

Achille	Braggs	Coalgate	Fairland
Ada	Braman	Colbert	Fairview
Adair	Bray Doyle	Colcord	Fanshawe
Afton	Bridge Creek	Coleman	Fargo
Agra	Briggs	Collinsville	Farris
Albion	Bristow	Comanche	Felt
Alex	Broken Arrow	Commerce	Fletcher
Aline-Cleo Springs	Broken Bow	Copan	Flower Mound
Allen	Brushy	Cordell	Forest Grove
Allen Bowden	Buffalo	Cottonwood	Forgan
Altus	Buffalo Valley	Covington-Douglas	Fort Cobb-Broxtton
Ava	Burbank	Coweta	Fort Gibson
Amber Pocasset	Burlington	Coyle	Fort Supply
Anadarko	Burns Flat-Dill City	Crescent	Fort Towson
Anderson	Butler	Crooked Oak	Fox
Antlers	Butner	Crowder	Foyil
Arapaho	Byars	Crutcho	Frederick
Ardmore	Byng	Cushing	Freedom
Arkoma	Cache	Cyril	Friend
Arnett	Caddo	Dahlonegah	Frink Chambers
Asher	Calera	Dale	Frontier
Atoka	Calumet	Darlington	Gage
Avant	Calvin	Davenport	Gans
Balko	Cameron	Davidson	Garber
Banner	Canadian	Davis	Garrett
Barnsdall	Caney	Deer Creek	Geary
Bartlesville	Caney Valley	Deer Creek-Lamont	Geronimo
Battiest	Canton	Delaware	Glencoe
Bearden	Canute	Denison	Glenpool
Beaver	Carnegie	Depew	Glover
Beggs	Carney	Dewar	Goodland
Belfonte	Carter	Dewey	Goodwell
Bell	Cashion	Dibble	Gore
Bennington	Catoosa	Dickson	Gracemont
Berryhill	Cave Springs	Dover	Graham
Bethany	Cement	Drummond	Grandfield
Bethel	Central High	Drumright	Grand View (Cherokee)
Big Pasture	Central	Duke	Grandview (Stephens)
Billings	Chandler	Duncan	Granite
Binger-Oney	Chattanooga	Durant	Grant
Bishop	Checotah	Dustin	Greasy
Bixby	Chelsea	Eagletown	Greenville
Blackwell	Cherokee	Eakly	Grove (Delaware)
Blair	Cheyenne	Earlsboro	Grove (Pottawatomie)
Blanchard	Chickasha	Edmond	Gum Springs
Bluejacket	Chisholm	El Reno	Guthrie
Boise City	Choctaw-Nicomia Park	Eldorado	Guymon
Bokoshe	Chouteau Mazie	Elgin	Gypsy
Boley	Cimarron	Elk City	Haileyville
Boone-Apache	Claremore	Elmore City	Hammon
Boswell	Clayton	Empire	Hanna
Bowlegs	Cleora	Enid	Hardesty
Bowring	Cleveland	Erick	Harmony
Boynton	Clinton	Eufaula	Harrah

PUBLIC SCHOOL DISTRICTS (continued)

Hartshorne	Leonard	Mountain View-Gotebo	Plainview(Cimarron)
Haskell	Lexington	Moyers	Pleasant Grove
Haworth	Liberty (Okmulgee)	Muldrow	(Pottawatomie)
Haywood	Liberty (Sequoyah)	Mulhall-Orlando	Pleasant Grove
Healdton	Liberty (Tulsa)	Muskogee	(Seminole)
Heavener	Lindsay	Mustang	Pocola
Hennessey	Little Axe	Nashoba	Ponca City
Henryetta	Locust Grove	Navajo	Pond Creek-Hunter
Hilldale	Lomega	New Lima	Porter Consolidated
Hinton	Lone Grove	Newcastle	Porum
Hobart	Lone Star	Newkirk	Poteau
Hodgen	Lone Wolf	Ninnekah	Prague
Holdenville	Lookeba Sickles	Noble	Preston
Hollis	Lost City	Norman	Pretty Water
Holly Creek	Lowrey	North Rock Creek	Prue
Hominy	Lukfata	Norwood	Pryor
Hooker	Luther	Nowata	Purcell
Howe	Macomb	Oak Grove	Putnam City
Hugo	Madill	Oakdale	Quapaw
Hulbert	Mangum	Oaks Mission	Quinton
Hydro	Mannford	Oilton	Rattan
Idabel	Mannsville	Okarche	Ravia
Indianahoma	Maple	Okay	Red Oak
Indianola	Marble City	Okeene	Reydon
Inola	Marietta	Okemah	Ringling
Jay	Marlow	Oklahoma City	Ringwood
Jenks	Maryetta	Oklahoma Union	Ripley
Jennings	Mason	Okmulgee	Riverside
Jones	Maud	Oktaha	Robin Hill
Justice	Maysville	Olive	Rock Creek
Justus-Tiawah	McAlester	Olney	Rocky Mountain
Kansas	McCord	Olustee	Roff
Kaw City	McCurtain	Oologah-Talala	Roland
Kellyville	McLish	Optima	Rush Springs
Kenwood	McLoud	Osage Hills	Ryal
Keota	Medford	Osage	Ryan
Ketchum	Meeker	Owasso	Salina
Keyes	Merritt	Paden	Sallisaw
Keys	Miami	Panama	Sand Springs
Keystone	Middleberg	Panola	Sapulpa
Kiefer	Mid-Del	Paoli	Sasakwa
Kildare	Midway	Pauls Valley	Savanna
Kingfisher	Milburn	Pawhuska	Sayre
Kingston	Milfay	Pawnee	Schulter
Kinta	Mill Creek	Peavine	Seiling
Kiowa	Millwood	Peckham	Seminole
Konawa	Minco	Peggs	Sentinel
Krebs	Moffett	Perkins-Tryon	Sequoyah
Kremlin-Hillsdale	Monroe	Perry	Shady Grove
Lane	Moore	Picher-Cardin	Shady Point
Latta	Mooreland	Pickett Center	Sharon-Mutual
Laveme	Morris	Piedmont	Shattuck
Lawton	Morrison	Pioneer	Shawnee
Leach	Moseley	Pioneer Pleasant Vale	Shidler
Leedy	Moss	Pittsburg	Silo
Le Flore	Mounds	Plainview(Carter)	Skelly

**PUBLIC SCHOOL DISTRICTS (continued)**

Skiatook	Vamum
Smithville	Velma-Alma
Snyder	Verden
Soper	Verdigris
South Coffeyville	Vian
South Rock Creek	Vici
Spavinaw	Vinita
Sperry	Wagoner
Spiro	Wainwright
Springer	Wakita
Sterling	Walters
Stidham	Wanette
Stigler	Wapanucka
Stillwater	Warner
Stilwell	Washington
Stonewall	Washita Heights
Straight	Watonga
Stratford	Watson
Stringtown	Watts
Strother	Waukomis
Stroud	Waurika
Stuart	Wayne
Sulphur	Waynoka
Sweetwater	Weatherford
Syrink	Webbers Falls
Tahlequah	Welch
Talihina	Weleetka
Taloga	Wellston
Tannehill	Western Heights
Tecumseh	Westville
Temple	Wetumka
Tenkiller	Wewoka
Terral	White Oak
Texhoma	White Rock
Thackerville	Whitebead
Thomas-Fay-Custer	Whitefield
Timberlake	Whitesboro
Tipton	Wickliffe
Tishomingo	Wilburton
Tom	Wilson (Carter)
Tonkawa	Wilson (Okmulgee)
Tulsa	Wister
Tupelo	Woodall
Turkey Ford	Woodland
Tumer	Woodward
Turpin	Wright City
Tushka	Wyandotte
Tuskahoma	Wynnewood
Tuttle	Wynona
Twin Hills	Yale
Tyrone	Yarbrough
Union City	Yukon
Union	Zaneis
Valliant	Zion
Vanoss	

**CAREER AND TECHNOLOGY CENTERS**

Caddo-Kiowa	Mid-America
Canadian Valley	Moore-Norman
Central Oklahoma	Northeast Area
Chisholm Trail	Northwest
E. Okla. County	O.T. Autry
Francis Tuttle	Pioneer
Gordon Cooper	Pontotoc
Great Plains	Red River
Green Country	S. Oklahoma
High Plains	Southwest
Indian Capital	Tri-County
Kiamichi	Tulsa Technology Center
Meridian	Wes. Watkins
Metro Tech	Western

**COLLEGES AND UNIVERSITIES**

Cameron University	OU Health Sci. Ctr.
East Central Univ.	Rogers St. University
Langston University	SE Oklahoma
Northeastern State	State University
University	SW Oklahoma
NW Oklahoma	State University
State University	Univ. of Central Okla.
Oklahoma St. Univ.	Univ. of Oklahoma
Okla. Panhandle	Univ. of Sci. and Arts
State University	of Oklahoma

**JUNIOR COLLEGES**

Carl Albert St. Coll.	OKC Comm. College
Connors St. College	Redlands Comm. College
E. Okla. St. Coll.	Rose State College
Murray State College	Seminole State College
NE Oklahoma A&M	Tulsa Comm. College
N. Oklahoma College	W. Okla. State College

**OTHER PARTICIPATING ENTITIES**

Atoka-Coal Interlocal	Mid-DelACT
Bd. of Priv. Voc. Schls	MWC Central Foods
Bd. of Reg. of Okla. Colleges	MooreACT
Choctaw Nation Interlocal	OKC Fed. of Teachers
Comm. on Teacher Prep.	Okla. Educ. Assn.
Deborah Brown Comm. Sch.	Okla. Sch. of Science and Math
Dept. of Career and Tech. Ed.	Okla. House of Rep.
Dept. of Corrections	Osage Cty Interlocal Coop
Dept. of Education	Quartz Mountain
Dept. of Rehab. Svcs.	Secondary Sch. Act. Assoc.
Five Star Interlocal Coop	State Regents for Higher Ed
Garfield Cty. Interlocal Coop	Student Loan Authority
Harding Charter Prep. H.S.	Teachers' Retirement System
Harding Fine Arts Ctr.	Tri-County Interlocal Coop
Independence Charter M.S.	Tulsa Sch. of Arts and Sciences
John Wesley Charter Sch.	Western Village Charter Sch.
McCurtain Cty. Inter. Coop	